Our Mission
Unlock the power of central Minnesota people to build and sustain healthy 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.

Our Goals
— Strengthen Economic Opportunity
— Preserve Key Places and Natural Resources
— Support Children, Youth, and Families
— Build Organizational Effectiveness
— Encourage the Spirit of Giving
Our People

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Donor Services Clerk

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VISTA Program Manager

Dan Frank
Program Manager for Community Development

Sharon Gottwalt
Business Finance Assistant

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Vice President for Donor Services

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Don Hickman
Senior Program Manager for Planning & Preservation

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Program Assistant for Grants & Training

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Grants & Communications Specialist

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Vice President for Finance & Operations

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Vice President for Economic Opportunity

Leah Posterick
Program Assistant for Grants & Training

MaryAnn Schefers
Finance & Fund Development Assistant

Jana Shogren
Children, Youth & Families Specialist

Sandy Voigt
Program Manager for Technology Finance
counterpunches

Before we look back, let’s look ahead. As the recession lumbers into 2009, here’s what your Initiative Foundation is doing to create economic opportunity in central Minnesota. We’re focused on growth, not just on recovery. Remember, the foundation was born from the economic firestorm of the 1980s, so we view the current crisis through a wide lens of experience, resilience and innovation. In 2008, the economy landed its punches.

Here are the ways we’re punching back . . .

Quality jobs are job one.
We’re in a unique position to impact our regional economy through business financing programs that secure quality jobs. This year, we’ll invest $2.4 million to start or expand locally owned businesses. Our priority is creating jobs that pay at least $18 per hour with benefits—the living wage for a family of four. In partnership with other lenders, foundation business loans will target high-tech, manufacturing, bioscience and green ventures, all of which hold the promise of future growth.

Our grants will be working overtime.
We’re responding. We’ve refocused 60 percent of our grants to fund efforts that speed economic recovery and help distressed families, workers and small businesses. We’ll support training programs for at-risk and displaced workers. We’ll help small businesses survive and grow with education and consulting services. We’ll also fund community solutions to transportation, childcare, affordable housing and renewable energy. As always, our goal is to help people help themselves.

We’ll strengthen the safety net.
With more needs and less resources, central Minnesota nonprofit organizations are being called upon to lead and serve their communities. Through our Healthy Organizations Partnership, we’ll provide top-notch leadership training to more than 50 critical nonprofit organizations. We’ll fight poverty by deploying up to 25 full-time VISTA volunteers. All efforts will help our nonprofit leaders join forces and become even more effective.

We’ll stay focused on liquid assets.
Lakes and rivers define Central Minnesota. Clean water is directly connected to our quality of life, tourism economy, and home and business values. In 2009, we’ll add eight shoreline groups to our growing list of 200 Healthy Lakes & Rivers Partnership alumni groups. We’ll work together to enhance water quality, manage invasive species, solve wastewater issues, and improve land management and habitat.
We’re still long on leadership.
Short-term responses are needed, but long-term planning is most important. In spite of the current economy, central Minnesota’s population is still projected to grow at nearly twice the state average by 2030. Our Healthy Communities Partnership will work with more than half of central Minnesota cities to plan for economic prosperity while preserving special places and natural resources. Renewable energy is a huge opportunity.

Our best investments are the cutest ones.
Take it from the Federal Reserve Bank. Early childhood is our best future investment, returning at least $8 in public savings for every $1 of funding. During the first five years of life, the human brain forms a blueprint for connecting with the world, people and ideas. A barren early childhood can lead to future school and job struggles, “welfare” costs and even crime. That’s why we’ll work with nearly 30 communities (16 coalitions) to make early childhood care and education a top priority. We’ll also be a strong voice for young children of incarcerated parents.

There is power in numbers.
We’re built on the leadership and generosity of thousands. Today is one of the best times in recent memory for donors to earn a whopping ROI. Support our permanent endowment, and The McKnight Foundation will match your gift dollar for dollar. Unite your family or business by starting a named fund. Earn significant tax advantages from charitable bequests, trusts, annuities or insurance. The need is great, but the opportunity is much greater.

Join us, and join the fight.
**Our Numbers**

**FINANCIAL SUMMARY**  July 1, 2007 to December 31, 2008

**SOURCES OF FUNDS:** $13,916,978

- **Grants & Contributions** | $6,744,258 | 48%
- **Business Financing Revenue & Repayments** | $3,674,842 | 26%
- **Investment Income*** | $3,295,588 | 24%
- **Other Operating Revenue** | $202,290 | 2%

**USES OF FUNDS:** $7,925,764

- **Grants, Scholarships & Training Programs** | $2,957,475 | 37%
- **Business Investments** | $2,897,528 | 36%
- **Foundation Operations** | $2,044,402 | 26%
- **Special Projects & Other** | $26,359 | 1%

**TRAINING PROGRAMS**

<table>
<thead>
<tr>
<th>Program</th>
<th>Expenses Incurred</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Childhood Mental Health</td>
<td>$109,272</td>
</tr>
<tr>
<td>Early Childhood</td>
<td>$176,323</td>
</tr>
<tr>
<td>Healthy Communities Partnership</td>
<td>$288,084</td>
</tr>
<tr>
<td>Healthy Organizations Partnership</td>
<td>$257,100</td>
</tr>
<tr>
<td>Healthy Lakes and Rivers Partnership</td>
<td>$133,290</td>
</tr>
<tr>
<td>Volunteers in Service to America</td>
<td>$416,632</td>
</tr>
<tr>
<td>Youth, Meth &amp; New Initiatives</td>
<td>$30,411</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$1,411,112</strong></td>
</tr>
</tbody>
</table>

**GRANTS & SCHOLARSHIPS**

*Unlocking the Power of People*

Investment Total $1,546,363

- Children, Youth & Families ............ 22%
- Economic Opportunity ................. 20%
- Organizational Effectiveness .......... 17%
- Natural Resources Preservation ..... 13%
- Hometown Improvement ............... 12%
- Community & Donor Funds ........... 9%
- Scholarships ......................... 4%
- Community Planning ................ 3%

**BUSINESS FINANCING**

*Local Owners, Quality Jobs*

Investment Total $3,960,390

- Manufacturing .................... 46%
- Technology ..................... 20%
- Service ........................ 18%
- Environment/Agriculture .... 10%
- Retail .......................... 6%

*Total Endowment $23.5 million
Total Assets $39.6 million

*Excludes unrealized losses on investments of $12 million.
Report totals are comprised of audited financials for 7/1/07 to 6/30/08 and preliminary financials for 7/1/08 to 12/31/08.
A complete audit report prepared by LarsonAllen, LLP is available upon request.*
## Our Results
### FROM 1986-2008

> Invested $34.1 million in 817 locally owned businesses

> Awarded 542 scholarships totaling $421,295

> Made 3,031 grants totaling $19.2 million

> Created or secured 9,595 living-wage jobs

> Trained 1,540 leaders from 129 communities to plan and achieve a brighter future

> Trained 1,351 leaders to improve the water quality of 191 lakes and rivers

> Trained 868 leaders from 96 nonprofits to manage more effective organizations

> Trained 581 leaders from 15 communities to prepare young children for lifetime success

> Deployed 95 full-time VISTA volunteers to reduce poverty in central Minnesota

## RETURN ON INVESTMENT

<table>
<thead>
<tr>
<th>County</th>
<th>Resident Donations to Initiative Foundation*</th>
<th>Initiative Foundation Investments in County**</th>
<th>ROI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benton</td>
<td>$275,000</td>
<td>$3,121,000</td>
<td>1,035%</td>
</tr>
<tr>
<td>Cass</td>
<td>$474,000</td>
<td>$3,264,000</td>
<td>589%</td>
</tr>
<tr>
<td>Chisago</td>
<td>$318,000</td>
<td>$2,387,000</td>
<td>650%</td>
</tr>
<tr>
<td>Crow Wing</td>
<td>$1,013,000</td>
<td>$7,999,000</td>
<td>690%</td>
</tr>
<tr>
<td>Isanti</td>
<td>$1,029,000</td>
<td>$2,326,000</td>
<td>126%</td>
</tr>
<tr>
<td>Kanabec</td>
<td>$103,000</td>
<td>$894,000</td>
<td>766%</td>
</tr>
<tr>
<td>Mille Lacs</td>
<td>$504,000</td>
<td>$3,038,000</td>
<td>502%</td>
</tr>
<tr>
<td>Morrison</td>
<td>$987,000</td>
<td>$4,259,000</td>
<td>331%</td>
</tr>
<tr>
<td>Pine</td>
<td>$505,000</td>
<td>$2,382,000</td>
<td>372%</td>
</tr>
<tr>
<td>Sherburne</td>
<td>$625,000</td>
<td>$3,583,000</td>
<td>473%</td>
</tr>
<tr>
<td>Stearns</td>
<td>$903,000</td>
<td>$10,946,000</td>
<td>1,112%</td>
</tr>
<tr>
<td>Todd</td>
<td>$677,000</td>
<td>$2,843,000</td>
<td>320%</td>
</tr>
<tr>
<td>Wadena</td>
<td>$283,000</td>
<td>$2,771,000</td>
<td>877%</td>
</tr>
<tr>
<td>Wright</td>
<td>$468,000</td>
<td>$3,961,000</td>
<td>746%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$8,166,000</strong></td>
<td><strong>$53,773,000</strong></td>
<td><strong>559%</strong></td>
</tr>
</tbody>
</table>

*Rounded numbers include individual, business, government and utility donations.

**Rounded numbers include nonprofit grants, business financing investments and scholarships.
Our Friends

To our donors, we say thank you. We value each gift for the special reasons it was given and for the trust you have placed in our foundation. The following are our program and endowment gifts received between July 1, 2007 and December 31, 2008.

**PLATINUM KEYMASTER**
($100,000 OR MORE)
- Bush Foundation
- Corporation for National & Community Service
- Arnold & JoAnn Johnson
- The McKnight Foundation
- Otto Bremer Foundation
- Jack & Betty Thomas
- USDA Rural Development

**GOLD KEYMASTER**
($50,000 OR 99,999)
- Gloria M. Cessna
- Center for Rural Policy & Development
- Connexus Energy
- East Central Energy
- Minnesota Power
- Southwest Initiative Foundation
- State of Minnesota, Department of Commerce

**KEYMASTER**
($25,000 TO 49,999)
- Bremer Banks
- Communications Alternatives, a subsidiary of Benton Cooperative Telephone Company
- Eich Motor Company
- The Jay & Rose Phillips Foundation
- Beverly M. Johnston
- Medica Foundation
- Morgan Family Foundation
- Morrison County Student Loan Assoc
- Stearns Electric Association
- West Central Telephone Association

**PORTAL**
($10,000 TO $24,999)
- Anderson Brothers Construction Company
- The Anderson Family Legacy Foundation Agency
- Benton Telecommunications Foundation
- City of Little Falls
- Consolidated Telecommunications Company
- County of Benton
- County of Cass
- County of Crow Wing
- County of Isanti
- County of Morrison
- County of Sherburne
- County of Stearns
diversiCOM/Melrose Telephone Company
- First National Bank of Milaca
- Funders’ Network for Smart Growth & Livable Communities
- Kathy & Neal Gaalwyk
- Granite Equity Partners, LLC
- Kuepers, Inc. Architects & Builders
- Lake Region Conservation Club
- The Laura Jane Musser Fund
- Mid-Minnesota Federal Credit Union
- Northwest Area Foundation Fund of The Minneapolis Foundation
- Robins, Kaplan, Miller & Ciresi LLP
- Foundation for Education, Public Health & Social Justice, a supporting organization of The Minneapolis Foundation
- Schlage, Inc.
- SPEDCO Economic Development Foundation of The St. Paul Foundation
- U.S. Bancorp Foundation
- Francis & Ludmila Voelker
- Eugene & Bernadine Waldorf
- Estate of Mark Wood

**GATEWAY**
($5,000 TO $9,999)
- AgStar Fund for Rural America/AgStar Financial Services
- American Heritage National Bank
- Bank of the West
- Cambridge Medical Center
- CentraCare Health Foundation
- Charles & Barbara Christian
- City of Cambridge
- City of St. Cloud
- City of St. Michael
- Clow Stamping Company
- County of Chisago
- County of Pine
- County of Todd
- County of Wright
- Cuyuna Regional Medical Center
- Donald & Deanna Engen
- The Hyduke Foundation of The St. Paul Foundation on behalf of Peoples Bank of Commerce
- Lakeland Mold Company, Inc.
- Lakewood Bank, Brainerd/Baxter
- Larson/Glastron/Seaswirl, Inc.
- LarsonAllen, LLP, St. Cloud
- Little Falls Area Chamber of Commerce
- Manufacturing Fund of Central Minnesota
- Marco, Inc.
- Mardag Foundation
- Minnesota National Bank & Agency
- Loren & Kathryn Morey
- NOR-SON, Inc.
- Pequot Tool & Manufacturing, Inc.
- Pine Country Bank
- Rockwoods Grill & Backwater Bar
- Everett & Rita Sobania
- St. Joseph’s Medical Center/Brainerd Lakes Integrated Health System
- The Sheltering Arms Foundation
- Viking Label & Packaging, Inc.
- Warren & Sharla Williams
- Widseth Smith Nolting & Assoc. Inc.
- Woodland Bank
- Xcel Energy Foundation

**CORRIDOR**
($3,000 TO $4,999)
- City of Nisswa
- City of Princeton
- City of Sauk Rapids
- City of St. Joseph
- City of Staples
- County of Kanabec
- County of Mille Lacs
- Gray Plant Mooty
- Curt & Mary Beth Hanson
- Happy Dancing Turtle
- Don Hickman & Sandra Kaplan
- Matt & Jeanne Kilian
- Mark A. Lease
- William Scarince
- Stephen & Gwyn Shelley
- Thelen Heating & Roofing, Inc.
- Venture Allies, LLC

**PASSAGE**
($1,000 TO $2,999)
- Anakkala, Berns, & Co, PLLP
- Barb & Duane Anderson
- Keith H. Anderson
- BankVista
- Steven & Ann Benda
- Brainerd Lakes Chambers
- Lynn & Darren Bushinger
- Central Minnesota Community Foundation
- Citizens State Bank
- City of Albertville
- City of Annandale
- City of Baxter
- City of Big Lake
- City of Breezy Point
- City of Clarissa
- City of Cokato
- City of Cold Spring
- City of Crosslake
- City of Eden Valley
- City of Lake Shore
Our Friends, continued

TRIBUTES
In Honor of Edmund Babcock
The Bank of Elk River
In Memory of Mary Anne
Grafton-Rodgers
Rose & the late Ronald Powell
In Honor of James Kurpius
Justin & Amy Kurpius
In Honor of Irene Kurpius-Lindvall
John & Connie Roberts
In Memory of Evelyn Middelstadt
Rose & the late Ronald Powell
In Memory of Helen K. (Wolf) Mills
Anonymous
In Memory of Harry Nysather
Louise Nysather
In Memory of Ronald Powell
Ronald & Barbara Middelstadt
Rose Powell
In Memory of Kari Richardson
John & Tracy Askwith
B & B Carpet One
B&D Plumbing, Heating & Air Conditioning
Bakken Building & Remodeling
The Bank of Elk River
Gregg & Teri Barben
Beaudry Oil & Propane
Kathy Z. Berger
Tim Bjella
Michael & Dawn Blake
Evelyn Baetow
Builders Incentive Group, Inc.
George & Margaret Carter
Charles & Barbara Christian
Deborah L. Crowley
Bradley & Kelly Dalbec
Dennis & Tracy Daleiden
Marnad & Ramona Daleiden
The Dive Shop
David & Marjorie Dobosinski
Jessica E. Driscoll
Greg & Kathy Doppe
Eagle Window Dist. Co.
Michael & Jane Ehresmann
Erik & Lori Ellingson
Erik & Marjorie Ellingson
James & Betsy Ellingson
Mark & Janna Ellingson
Richard & Janet Ellingsworth
Annette Elliotum
Mark & Jacqueline Elmers
Energy & Environmental Building Association
Brian & Susan Faue
Michele D. Fedderly
First National Bank of Elk River
Derek & Carrie Fisher
Jeffrey & Ann Gagen
Daniel & Kris Gasner
Holly A. Glaeser
Michael & Beth Granger
John & Cynthia Grovers
Stephen & Kathy Grossman
Jan & Gretchen Haukus
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Donald & Elizabeth Heinzman
Susan D. Herrmann
Michael & Martha Hippie
Daniel & Helen Holm
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William & Margaret Imig
Initiative Foundation
Paul & Donna Jacobs
Charles & Judy Januski
Larry & Barbara Januski
Thomas & Christine Jensen
Maurice & Donna Johnson
Randy & Michelle Johnson
Keller Williams Realty Integrity
Bill & Patty Knoblauch
Larry & Juleen Koening
Marcia J. Koester
Kirk A. Kroll
Duane & Patty Kropwenske
Charles & Debra Kuhl
Bradley & Becky LeDuc
Lights On Broadway, Inc.
Lester & Karen Linner
Marcia Love
Susan Maki
Steven & Lori Marcy
Thomas & Michelle Matchie
Barbara A. Materna
Clinton & Sandra Maxwell
Jerry & Joanne McChesney
Meiny's Diggers, Inc.
Rebecca J. Milless
Jennifer S. Moberg
Arlene E. Morem
Dean & Elycey Morin
Steven & Sandra Morgan
Eric & Karen Moschet
Rob Moschet
Jennifer L. Mueller
Dan & Valerie Nelson
New Beginnings of Princeton, Inc.
Michael & Debra Newman
Randy & Joan Nelson
Northland Cabinets, Inc.
Northstar Granite Tops
Jennifer A. Panchenko
Jack & Kelani Parisien
Brian & Sharon Parrish
David & Sandra Peterson
Jerry & Barbara Peterson
John & Christina Plaisted
Gordon & Nancy Robinson
Stanley & Dorothy Rogers
Aldiau & Lisa Rosenow
Kathryn P. Samuel
Anne M. Saxton
Steven & Christy Schmidt
David & Cynthia Sebold
Robert & Patti Selheim
South Side Lumber Company
Steve's Floorcovering, Inc.
Craig & Rose Storie
Mark & Linda Strater
Duane M. Swenson
Michael & Brooke Swenson
Mark & Cynthia Taylor
Terra General Contractors, LLC
Ann C. Thomas
Three Rivers Community Foundation
TLS Custom Concrete, Inc.
Werners' Stellian Co., Inc.
Constance M. Wilson
Eugene & Susan Wipf
Larry & Donna Jeanne Wipf
John P. Zirbes
In Memory of Robert Westvig
Joanne B. Burdick
Ronald & Barbara Middelstadt
Curtis & Margaret Powell

LEGACY GIFTS
Gloria M. Cessna
Gloria L. Contreras-Edin
Evelyn L. Henry
The Mark A. Lease Family
Gladys M. Paulson
Francis & Ludmila Voelker

COMMUNITY & AFFILIATED FUNDS
Greater Pine Area Endowment
Isle Area Community Foundation
Little Falls Area Foundation
Hamelwksi Family Fund
Mark Wood Foundation
Staples Community Foundation
Julia & Tracy Kurpius Fund
Loren & Kathy Mory Family Fund

NAMED & AFFILIATED FUNDS
Alternative Sources of Energy Fund
Anderson Brothers Family Fund
Betty Ford Menzel Scholarship Fund
Beverly M. Pantzke Scholarship Fund*
Bob & Pauline Johnson Memorial Scholarship Fund
Bob Wright Memorial IFPA Scholarship Fund
Bob & Marsha Burger Endowment Fund
Family Farm Fund
Friends of the Civil Air Patrol Fund*
Hackensack Area Animal Shelter Fund*
John & Bonnie Schlagel Funds
Lake Region Conservation Club Fund*
Leech Lake Area Watershed Foundation
Little Falls Scholarship Fund*
Minnesota Pioneer Park Endowment Fund
Shawn Grittner Scholarship Memorial Fund
William & Ethel Nelson Zimmerman Memorial Scholarship Fund
Wright County Historical Society

LOAN FUNDS
Princeton Loan Fund
Todd-Wadena Loan Fund
Menahga Loan Fund

*New funds established during 2008 calendar year.