

2021 ANNUAL REPORT



NORTHERN INITIATIVES
Money and Know-How



"[Northern Initiatives] made the process so simple and kept us updated and informed. We'll be forever grateful for the team at Northern Initiatives for their commitment to help small businesses."

PAOLA R. MENDIVIL

EL GRANJERO
GRAND RAPIDS, MI

A NOTE FROM ELISSA SANGALLI, PRESIDENT

If the country didn't realize the importance of Community Development Financial Institutions before the pandemic, they certainly are aware now. CDFIs helped more small businesses in 2021 than in any previous year. Northern Initiatives set a record for the number of new loans.



But more importantly, we are helping build resilient communities. We are finding customers who have been overlooked or denied by other financial institutions and giving them the support they need to start and grow their businesses. Those businesses go on to support families, neighborhoods and communities. This is hugely rewarding work, especially during this challenging time.

Northern Initiatives' customers are in every corner of Michigan, from the Keweenaw to Kalamazoo. We work in rural areas as well as big cities. We make small loans and big loans. Each customer is different, but each has a passion for their business - and wow, is that passion contagious!

They also are thirsty to learn, which has shown us the increased importance of technical assistance, the "know-how" part of our tagline. We have scaled up Initiate, our online learning portal, made it available in English and Spanish, and we're continuing to bring on partners around the country so they can make it available to their customers as well. These Initiate partners and their customers continue to be a source of innovation to us, pushing us to add resources and features.

We remain committed to helping people in underserved communities. We also continue to work towards creating healthy communities by addressing the social determinants of health, including social and community context, access to healthy foods, and economic stability.

As we continue to try to level the business playing field, we certainly can't do it alone. We have valuable partnerships around the state and the country, as outlined on our list of partners on page 4. I hope you take a look and enjoy this report in its entirety.

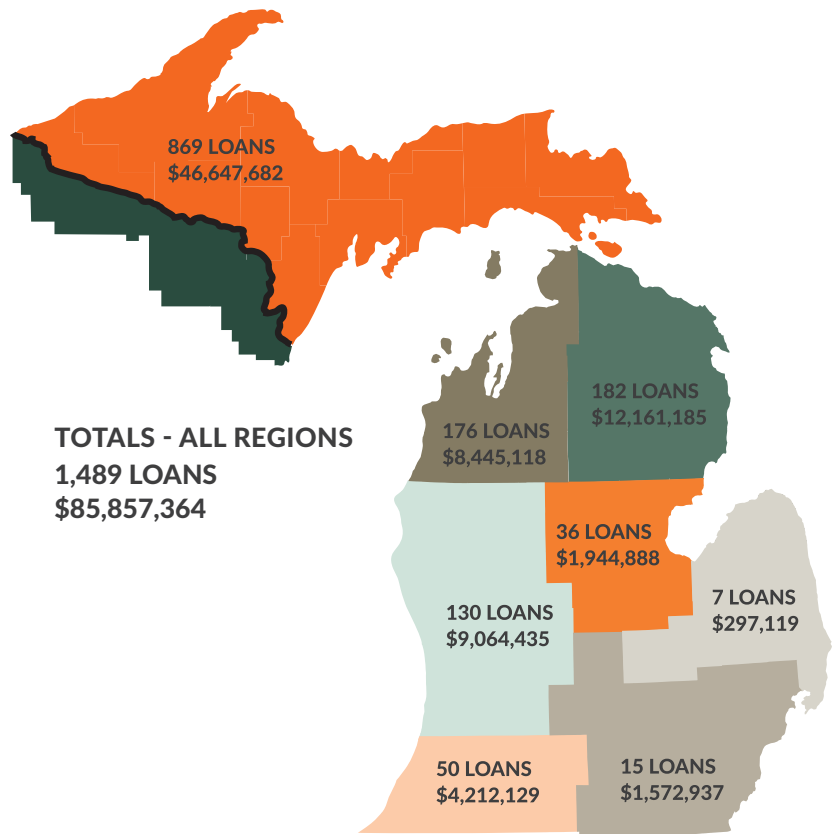
2021

TOP 20 COUNTIES SERVED

Kent	\$1,742,185
Isabella	\$487,746
Newaygo	\$475,802
Calhoun	\$399,845
Wexford	\$384,374
Marquette	\$288,299
Kalamazoo	\$206,550
Roscommon	\$195,000
Emmet	\$148,274
Luce	\$143,033
Dickinson	\$133,397
Ogemaw	\$130,288
Muskegon	\$123,724
Chippewa	\$120,923
Grand Traverse	\$118,000
Gogebic	\$110,774
Missaukee	\$87,967
Ottawa	\$84,675
Houghton	\$83,690
Allegan	\$83,533

CUMULATIVE LOAN ACTIVITY BY REGION

SINCE 1994



A STARTUP TAKES OFF

After months of lockdown, Katelyn Beaver looked up from her pandemic passion for painting lures and saw a small mountain of them rising in her bedroom. So the ambitious teenager started a business.

She had to take crash courses in everything from planning to marketing to LLCs to financing. Her mother helped her secure a loan with Northern Initiatives (teenagers don't have much of a credit history) and Beaver's Lures was launched.

Katelyn then scrambled to graduate high school while starting the business. She has since opened a storefront, had her lures picked up by Jay's Sporting Goods - which quickly sold out and ordered more - and is wading through pictures from happy customers.

Beaver grew up in Escanaba, on the shores of Lake Michigan, fishing year round and says the origin of her business was simple: "I like painting. I like fishing."



BEAVER'S LURES, ESCANABA

- Pandemic Hobby
- Startup Business
- Teenage Entrepreneur

Katelyn Beaver with a walleye she caught using one of the lures she designed.



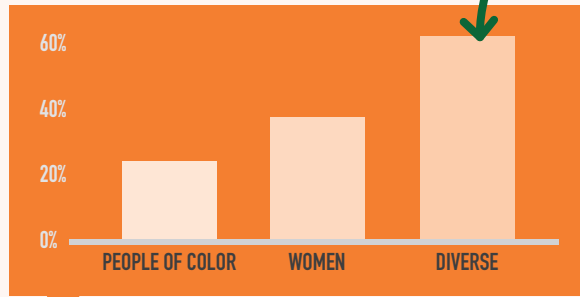
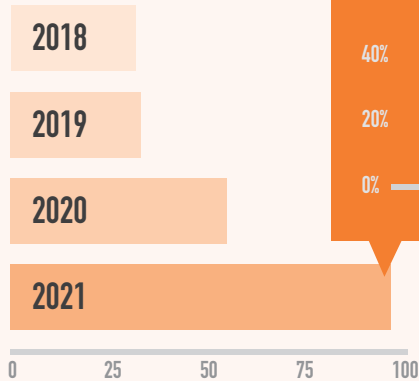
Because Northern Initiatives didn't restrict lending during the uncertainty of the pandemic, we were able to double our loans to startups over the previous year.

66%

OF CUSTOMERS WERE
STARTUPS IN 2021

DIVERSITY

Progression of loans to diverse borrowers (veterans + women + People of Color) over the years



Northern Initiatives' lending to diverse entrepreneurs jumped 60% while lending to People of Color-owned businesses nearly doubled.

TURNOVER WITH A TWIST

Keona and Paul Ackley's business thrives on turnover. P&K Dealz is a discount retailer that purchases inventory from pallet vendors. The Ackleys started their business in their basement, selling an ever-changing selection on Ebay and Facebook, but - after researching the local market - they knew it would be a hit in a bricks-and-mortar store.

Their sales cycle predictions forecasted one shipment a week, or 4-5 pallets, which runs about \$7,000-\$9,000. The turnaround is fast, so the initial expense of paying for the inventory can be covered by their line of credit, offered through a new partnership between Northern Initiatives and Marshall Community Credit Union.

Besides helping keep the shelves stocked with fresh merchandise, the line of credit is helping build a relationship with a local financial institution. "[Marshall Community Credit Union] has an intentionality to have an impact locally, which means a lot to me," said Keona Ackley. "I wouldn't have even known about that without this line of credit."



P&K DEALZ, BATTLE CREEK

- Moved from basement to storefront
- Community boosters
- Created a new community banking relationship

Paul Ackley, right, and his oldest daughter Kaliyah, who is one of several student volunteers who help out at P&K Dealz.

DOWNTOWN LOVE

Stacy Mclsaac and Kate DeVries-Mclsaac, owners of Tip'n the Mitten, see the purchase of their downtown building as an act of love. Their store has helped keep downtown Grayling intact and vibrant during the past few years of uncertainty. And now they're restoring it to its former character.

Stacy is a disabled veteran who served in the U.S. Army

Air Defense Command and Kate has worked in tech, which helped with moving the store towards more online sales. They're enthusiastic about technical assistance, learning how to audit and revamp their website, and how to reduce costs that will in turn increase profits. And they continue to find Michigan-made gems to sell in their store, from beefalo to books.



TIP'N THE MITTEN, GRAYLING

- Downtown boosters
- Veteran-owned
- Essential and hyperlocal

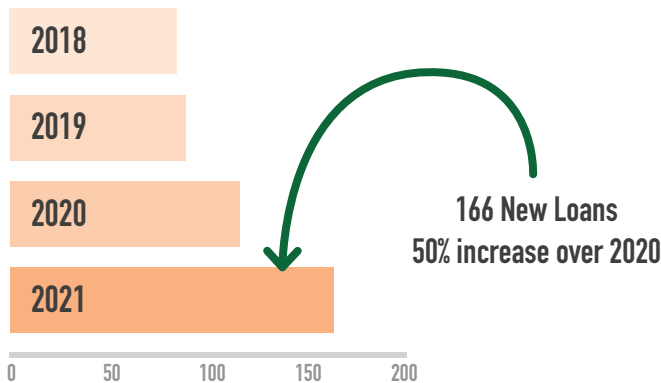
Kate DeVries-Mclsaac, left, and Stacy Mclsaac own Tip'N the Mitten and Flowers by Josie

SUPPORTING PARTNERS

2021

- Battle Creek Community Foundation
- Battle Creek Unlimited
- Sara Bednarek
- Guido A. and Elizabeth H. Binda Foundation
- Amanda and Dan Blondeau
- Judy and Kevin Boyle
- Capital Impact Partners
- Colleen and Scott Duflo
- Community Development Financial Institutions Fund
- Community Foundation for Muskegon County
- Community Reinvestment Fund
- Department of Health and Human Services, Administration for Children and Families, Office of Community Services
- Robert Eslinger
- Melissa Evans
- Fifth Third Bank
- Meredith Freeman
- Fremont Area Community Foundation
- Terri Govern
- Grand Rapids Community Foundation
- Peter Graves
- Audrey and Ron Grzywinski
- Mary Houghton
- Huntington National Bank
- Chuck Hurst
- Kellie and Brian Hoffman
- Ann and Fred Joyal
- Kellogg Corporation
- Natasha Koss
- Kathy and Tom Leone
- Lundin Foundation
- Kathy Mason and Sheldon Riner
- Mary and Wesley Maurer Jr.
- James and Lucy McCraven
- Chandra McMillion
- Janie McNabb and Chris Wendel
- Michigan Certified Development Corporation
- Michigan Department of Agriculture and Rural Development
- Michigan Economic Development Corporation
- Michigan Good Food Fund
- Michigan Manufacturing Technology Center
- Michigan State University
- Jill Miller
- The Miller Foundation
- Northern Michigan University
- Opportunity Finance Network
- Michael Oman
- Petoskey Harbor Springs Area Community Foundation
- Pam Porter
- Kurt Peterson/Total Enterprise Consulting
- Sara Proano
- Bob Rapoza
- Jen Ray and Tom Vear
- Christine and Steve Rector
- Michael Roy
- Rural Local Initiatives Support Corporation
- Quality Systems Associates
- Elissa Sangalli
- Rajib Sanyal
- Jesse Schramm
- Deborah Schultz
- Brian Sheridan/Steward and Sheridan, PLC
- Kristin Smith
- Sustainable Communities Fund
- Jodee Taylor
- Kate Teeter and Alec Lindsay
- TCF Bank
- Chip Truscon
- Upper Peninsula Power Company
- US Small Business Administration
- USDA Rural Development
- Bob Valentine
- Mary and Chuck Van Loan
- Wege Foundation
- Wells Fargo
- Kayla and Dennis West
- Mark Williams
- W.K. Kellogg Foundation

NO. OF LOANS



GROWTH AND IMPROVEMENTS HELP INITIATE LEAD THE WAY

What started as a way to help Northern Initiatives' loan customers has grown into a tool for entrepreneurs in 34 states. Along the way, Initiate has become a well-curated collection of videos, tools, templates, and guides, helping entrepreneurs start and successfully grow their businesses.

We are perpetually working on developing Initiate's resources - adding new ones, refreshing others and retiring some. The process is driven by our own loan customers, as well as input from coaches

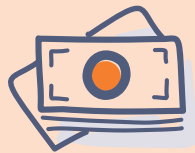
and business owners around the country. The Initiate Learning Community, facilitated by the Aspen Institute in 2021, shares best practices and continues to refine Initiate with input from diverse entrepreneurs and organizations.

We've helped our 22 subscribers increase their capacity for technical assistance, both pre- and post-loan. Initiate was launched primarily as a post-loan tool, but a spike in startups convinced us to launch a Startup section for support earlier in the business phases.

LEADING AND GROWING



46%
GROWTH IN
SUBSCRIBERS



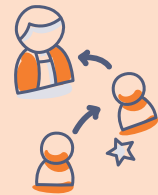
1,159
ENTREPRENEURS
SUPPORTED



1,000
HOURS OF
TRAINING DELIVERED



11,727
RESOURCES
USED



200%
INCREASE IN NUMBER OF
SPANISH RESOURCES
(50 to 147)

INITIATE UTILIZATION

Our partnership with the Michigan Economic Development Corp. (MEDC) is bringing Initiate to business owners throughout Michigan. We're training leaders from chambers of commerce and Main Street organizations on how they can best use Initiate with their members.

22

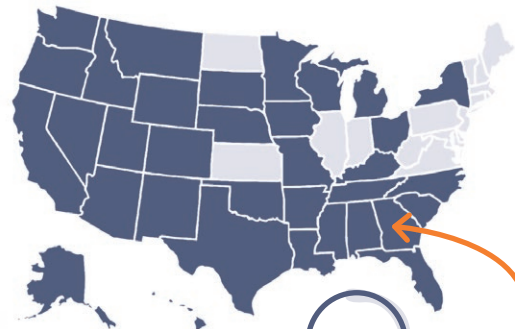
CDFI/Mission
Lenders

2,043

Active Users

5,075

Hours of Training



34

Users in
These 34 States

Training the Trainers Topics Include:

- Assessing skill gaps
- Aligning resources
- Measuring progress

Trainers Come From:

- Community development organizations
- Economic development organizations
- Chambers of commerce
- Main Street programs
- Financial institutions
- Small business support organizations

LOOKING AHEAD



100%
BILINGUAL



**INTEGRATING LESSONS
FROM OUR COHORTS**



**THE NEXT VERSION
OF INITIATE**

LEARN MORE AT: WWW.INITIATEPROSPERITY.ORG/PARTNERS

QUALITY JOBS, QUALITY FOOD



James Shelton moves cookies from the cookie molder to an oven rack

SNACKWERKS, BATTLE CREEK

- 30% of employees from immediate neighborhood
- On track to create 27 jobs
- Full-time steady work with benefits



A neighborhood on the northside of Battle Creek is traditionally one of the poorest in the state. But a former grocery store has been reinvented into Snackwerks, a contract manufacturer devoted to quality food and quality jobs. Northern Initiatives won a \$800,000 federal grant from the Department of Health and Human Services, to help Snackwerks build a fourth production line and create 27 jobs.

Other nearby jobs are mainly in retail or the service industry and don't promise full-time employment or even a regular schedule, founder Jeff Grogg said. At Snackwerks, employees work a 40-hour week (overtime is available if they want it), Monday through Friday, staffing three shifts. They get paid holidays, paid time off, a 401(k), and, now that they have enough employees, health insurance. His goal was to have 10% of his workforce from the neighborhood; it's already up to 30%.



Snackwerks Founder Jeff Grogg, left, and General Manager Gunther Brinkman near the mural adorning the side of Snackwerks.

BEYOND REWARDING

We may think back on 2021 as the Year of the PPP loan.

As part of its pandemic relief efforts, the federal government started the Paycheck Protection Program, geared toward helping people pay their staff instead of having to lay them off. It worked great - for big businesses who have the support of commercial banks. Many small business owners do not have that support, and that's where Northern Initiatives stepped up.

We reached out to our partners and their contacts and anyone else we could think of and started making loans to these erstwhile entrepreneurs.

It was one of the most rewarding projects we've ever worked on. We helped 88 small business owners, lending more than \$1 million. Then we turned around and got 100% of those loans forgiven!

Thank you to our partners who pointed people to us, and thank you to our funders for providing the capital! "Not only did you help a business, you also helped a family," said Quazaam Mayberry, owner and sole proprietor of Quazaam's in Grand Rapids.



Mercedes Lopez-Duran, left, and Paola Mendivil, co-owners of El Granjero

EL GRANJERO, GRAND RAPIDS

- Hispanic-owned business
- Woman-owned business
- Our biggest PPP loan

NORTHERN INITIATIVE'S PPP POWER



88 LOANS



100% FORGIVEN



51% DIVERSE BORROWERS



40 COUNTIES



38% WOMEN-OWNED

SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM

MARCH 2020



The Small Business Administration launches program of no-fee, no-interest loans that can be turned into grants. Thousands of small businesses are able to survive!

DECEMBER 2020



Thousands of small business owners are still unable to get loans. Northern Initiatives lends nearly \$1M!

The PPP loans were a lifeline to many during this pandemic, but they were also frustrating, especially for microbusinesses, sole proprietors and farms. According to the Center for Public Integrity, the largest eligible businesses got their money first, while businesses trying to get loans under \$50K had to wait weeks or months.

Even before the pandemic, low-income communities had disproportionate access to financial products. Northern Initiatives wanted to fix that disparity and reached out to colleagues, friends, and partners to find businesses that have been left behind. We had referrals from more than two dozen sources.

We then helped 88 small business owners, using our own money to make the loans - then helped them all get their loans forgiven!

[NORTHERNINITIATIVES.ORG](https://www.northerninitiatives.org)

Northern Initiatives is an equal opportunity provider, employer and lender.