



LUIS CHEN-AGUILERA  
TENDS TO THE WORMS ON  
HIS VERMICULTURE FARM  
NEAR GRAND RAPIDS.  
PHOTO BY JENNIFER SALTZMAN

# 2023

OUR BEST YEAR YET

# ANNUAL REPORT

# LETTER FROM THE PRESIDENT

As we celebrate our 30th year we're continually looking both to the past and the future.

We are grateful for the solid foundation our founders gave us, with the mission of supporting underserved entrepreneurs. We are excited to build upon that mission, getting more capital and more know-how to more entrepreneurs.

Two of our founders and current board members received our industry's highest award this year. Mary Houghton and Ron Gryzwinski continue to inspire us with their knowledge and devotion to community development lending.

In his acceptance speech, Ron challenged us – meaning anyone working in finance – to do more – more to meet the needs of the communities we live in. To that end, we are launching new partnerships and programs in our communities, meeting our customers where they are. Successful programs that work in Battle Creek are expanding to Kalamazoo, Grand Rapids, and the Upper Peninsula – and vice versa. We start working with entrepreneurs long before they apply for a loan, and the relationship continues long after the loan is paid off. We want to make sure the small business climate in Michigan is healthy and thriving.

As such, we are always advocating for resources for Michigan entrepreneurs. We work with federal and state governments, who are increasingly understanding the importance of mission lenders. We partner with foundations, who understand their communities' needs more than anyone. We're also looking to individual investors, who truly understand the business ecosystem.

As we plan and build for the next 30 years, we are more passionate than ever about our mission. **Richard Flowers of Reliable Medical Transport in Grand Rapids** sums it up: **"Northern Initiatives really raised the roof of possibility for me."**

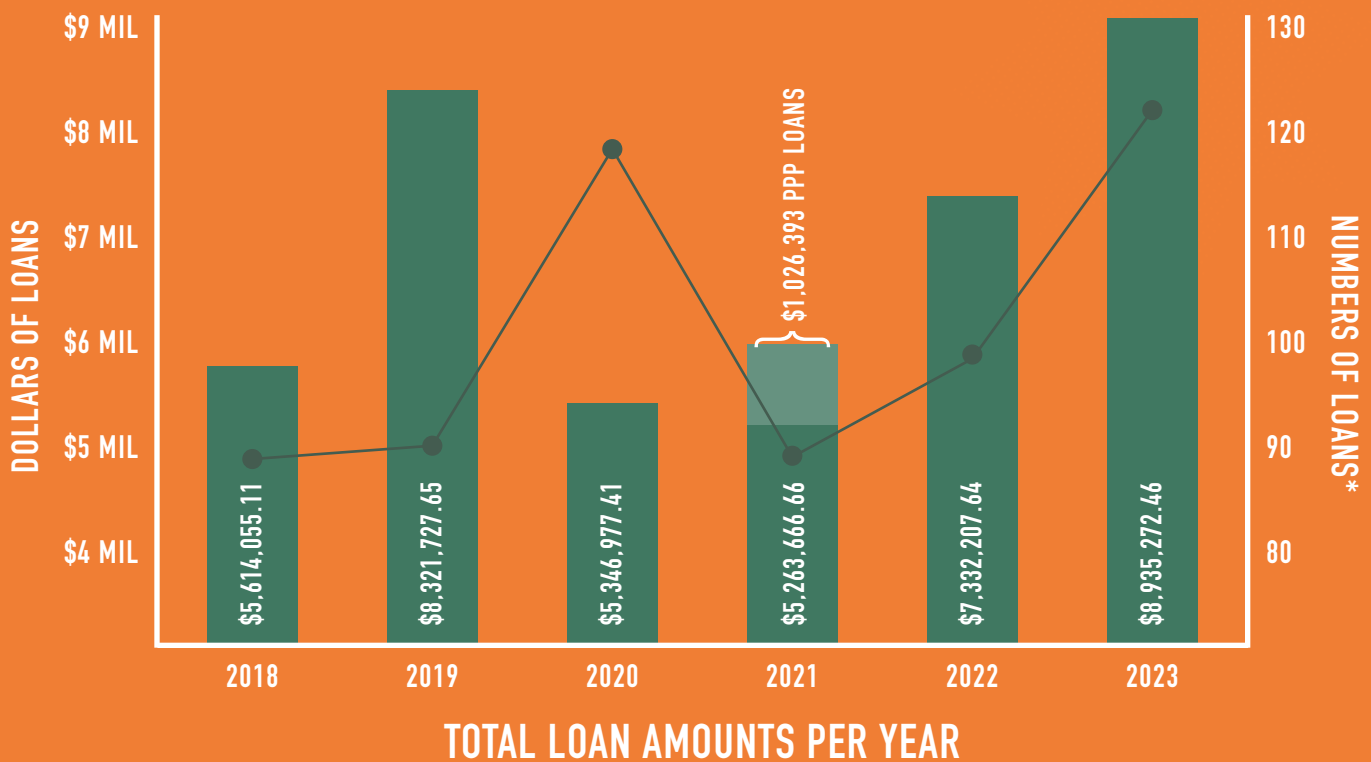
LET'S RAISE THE ROOF.

**ELISSA SANGALLI, PRESIDENT**



## OUR BEST YEAR YET

**121 NEW LOANS FOR A TOTAL OF \$8,935,272.46**



\*166 total loans in 2021 including PPP

# 30 YEARS OF NORTHERN INITIATIVES

1,706

TOTAL LOANS

\$101,966,581.64

TOTAL DOLLARS

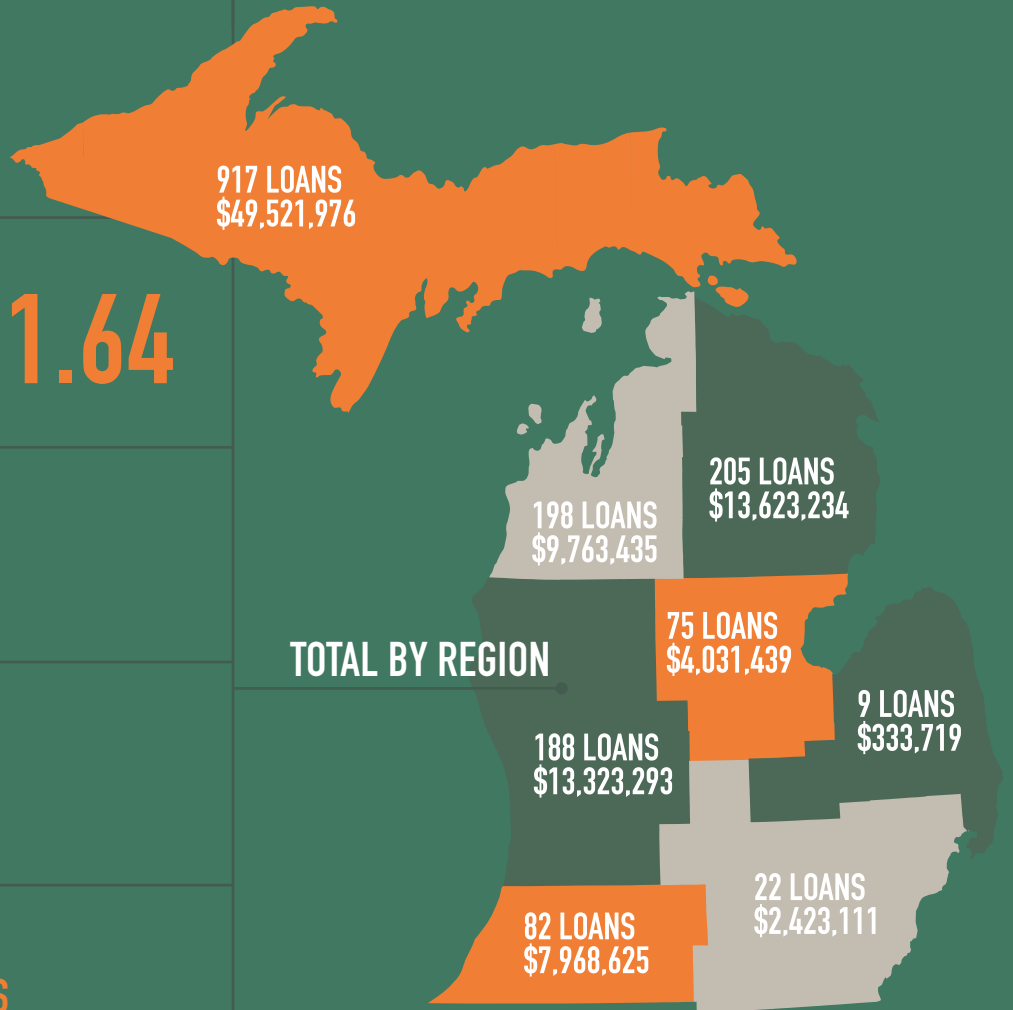
2,651

TOTAL JOBS CREATED

4,406

TOTAL JOBS RETAINED

DESPITE FOUNDING DOCUMENTS THAT SAID NORTHERN INITIATIVES WOULDN'T WORK WITH STARTUPS, WE'VE FUNDED OVER 400 IN THE PAST 30 YEARS!



TO 30 MORE YEARS OF MONEY & KNOW-HOW



# RESPECTING THE PLANET

## WORMIE'S, ALTO, MICHIGAN

Luis Chen-Aguilera is turning Kent County's food and yard waste into fertile soil, with the help of 166 million worms. He's also changing hearts and minds about agriculture in the process.

While Wormie's specializes in vermicomposting, its roots are in sustainable and organic farming, with a priority on helping the planet. "Composting is basically recycling," Chen-Aguilera says, "and the worms are really good at it." There are 650 customers on Wormie's compost pickup route.

But first, Chen-Aguilera has had to convince his township that Wormie's is a good neighbor, a process that has taken more than two years, with no income. "Traditional banks wouldn't give me a loan," he said. "This is a new industry." The Michigan Department of Environment, Great Lakes and Energy (EGLE) awarded Wormie's a reimbursable grant in 2022 ... but reimbursable means coming up with the money first. Three mission lenders - Northern Initiatives, Rende Progress Capital, and the Fair Food Network - are helping Wormie's with capital and resources as he spends down his grant, applies for reimbursement, then pays back his loans.

The money is funding constant improvements on the 13-acre farm. Wormie's held an old-fashioned hoophouse raising this winter, aided by Chen-Aguilera's legion of farming friends. "Farmers can do everything," he said. A filtration system the township asked for will result in a recirculating pond with plants and fish. The long-term plan calls for using four acres for composting and the remaining nine acres for regenerative agriculture, including orchards, trees, flowers, and permaculture gardens. Biochar and compost tea ("life tea") are also in the works.



## TOP 20 COUNTIES SERVED IN 2023

|           |             |           |           |                |           |           |           |
|-----------|-------------|-----------|-----------|----------------|-----------|-----------|-----------|
| Calhoun   | \$1,340,000 | Baraga    | \$331,150 | Grand Traverse | \$274,700 | Dickinson | \$166,050 |
| Kent      | \$1,261,754 | Ogemaw    | \$329,069 | Bay            | \$240,995 | Luce      | \$165,000 |
| Newaygo   | \$628,133   | Muskegon  | \$307,500 | Cheboygan      | \$238,700 | Ottawa    | \$130,000 |
| Marquette | \$601,000   | Menominee | \$287,000 | Kalamazoo      | \$236,558 | Ingham    | \$128,000 |
| Van Buren | \$383,470   | Isabella  | \$276,088 | Gogebic        | \$180,100 | Emmet     | \$127,000 |



# SHORING UP COMMUNITIES

## CREATING JOBS, EASING HEADACHES

Corissa VanderStelt had barely started building her second day care location when people started telling her where to put the third.

"This location is three times bigger than the first and there's already a waiting list," said VanderStelt, standing in the midst of construction of Little Ones Daycare and Preschool in White Cloud.

It's complicated to open a daycare and "my first teacher, first day of college, said, 'Don't go into this field if you want to make money,'" Corissa said. The inch-thick licensing handbook is her guiding star as she converts the former church into the town's only day care center.

Using funds from the Fremont Area Community Foundation, Northern Initiatives helped Corissa buy the building, which will eventually hold 90 children and create 17-20 jobs on top of the six jobs she's already created in Fremont. The "trickle-up" effect adds the countless parental jobs and headaches she's easing.



Patricia Bejarano Bredehoft, Jackson, left, and Tristan Bredehoft

## BUILDING BETTER BUSINESSES

### 'FORCE FOR GOOD'

Before brothers Jackson and Tristan Bredehoft even opened Café Rica in downtown Battle Creek, they knew they wanted to use their business as a "force for good."

"We understand that a business's influence extends far beyond its walls," said Jackson. "We have always believed in giving back to the community that has embraced us so warmly."

Café Rica is a longtime Northern Initiatives customer and a member of our Good Jobs Cohort. This year, the café's cofounders won the Good Governance Award from our partners at People First Economy for all that giving back, as well as their environmental responsibility and – this one's special – employee practices.

### ENERGY LOANS

Hiawatha Log Homes, near Munising in Michigan's Upper Peninsula, kiln-dries its logs in a process that takes nearly a month. "The power bill is crazy," said Joe Esbrook, CEO. A no-interest energy loan from Northern Initiatives, in partnership with the Upper Peninsula Power Co., helped the company purchase Variable Frequency Drives that will distribute just enough electricity where it's needed, when it's needed. "We should save over \$2,000 a month," Esbrook said. "The more money we save, the more reinvestment we can do."



## BATTLE CREEK

BATTLE CREEK STARTUP GRANTS IN 2023

**48 GRANTS** TALLING **\$127,500**





Tastefull Vegan owner Kalene McElveen and her children LJ and Sophia

## MEETING ENTREPRENEURS WHERE THEY ARE GROWING PARTNERSHIPS

Pitch contests are scary, exciting, and require a ton of work - but the payoff can be very sweet.

Nadia and Shatawn Brigham won Start Garden's Demo Day in 2019, and the \$20,000 helped them start GRNoir, a thriving jazz club in downtown Grand Rapids. Kalene McElveen, owner of Tastefull Vegan Frozen Desserts, also pitched to Start Garden in 2019, and used her \$5,000 winnings to buy a mobile cart - and some knowledge. "The 5x5 award allowed me the opportunity to get some school under my belt and get some support."



Because these are the cornerstones of our mission - helping underserved entrepreneurs with money and know-how - we have now partnered with Start

Garden - and it's going great! Both of these small businesses - and many more - are now Northern Initiatives customers. The 10 winners of last fall's Demo Day were all assured a \$20,000 loan with Northern Initiatives and five have followed through. Welcome aboard!

The second part of our partnership is our work on the Capital Readiness Program, a program from U.S. Department of Commerce, Minority Business Development Agency, providing the largest investment ever in underserved entrepreneurs. Northern Initiatives and Start Garden will use a \$3 million grant award to continue creating an innovative program that connects entrepreneurs to resources, assistance, and capital - from idea to launch and beyond. The project hopes to enroll 400 early-stage entrepreneurs over four years, with a goal of creating 300 businesses and 645 new jobs.

More and more, we're finding partnerships vital in today's financial ecosystem. Thank you to all our partners.

## DIVERSITY IN LENDING

**67 LOANS** TOTTALLING **\$6,329,702.68**

WENT TO DIVERSE CUSTOMERS IN 2023

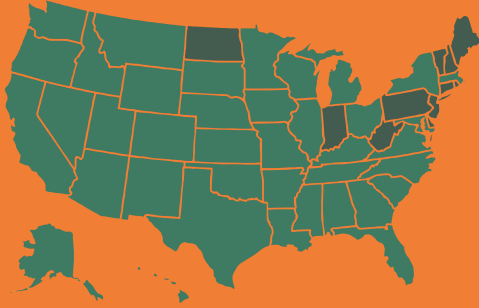
[PEOPLE OF COLOR, WOMAN, VETERAN-OWNED]



# INITIATE | A NEW PLATFORM AND PARTNERSHIPS

For Initiate, our online learning portal, 2023 was a year of rebuilding and transitioning. Initiate 3.0 launched, and we retired Initiate 2.0, which had served thousands of entrepreneurs since 2017. The new platform provides high-quality content that small business owners can access on their own time, and more tools for business advisors to help their clients work on critical business issues. The rebuild not only harnesses years of testing and feedback, but also the latest technology, so Initiate can continue to be shaped and grow over the next few years.

Initiate is available to 100% of our loan customers, as well as entrepreneurs in 40 states around the country, in both Spanish and English.



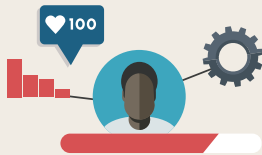
Along with the technology infrastructure we incorporated ways for advisors to enhance how they utilize Initiate and ways to help emerging and larger entrepreneurial support organizations.

With support from the Opportunity Finance Network's Google.org grant program, Northern Initiatives rolled out Initiate 3.0 and more people are recognizing its value, as well as the impact of blended learning, which leverages Initiate's resources with existing coaching and training. Mission lenders and economic development organizations continue to subscribe to Initiate to engage their learners as well. Our rebuilt onboarding process is getting rave reviews.

Through our partnership with the Aspen Institute, funding from the Gates Foundation and our Good Jobs work (more on the next page), we're welcoming more subscribers focused on job quality. Shared Success grantees are helping us build a dedicated space on Initiate to try tools in "beta" form and engage in testing and learning. As content is refined and tools are finalized, we expect to open this section to all Initiate users, as well as non-users through public platforms such as the Economic Opportunities Program Job Quality Tools library.

A new partnership that launched at the Native CDFI Network's Annual Policy & Capacity Building Summit offers Initiate access to members of the Native CDFI network. NCN creates access to capital and resources for Native people in both rural and urban areas.

## ACTION ITEMS FOR ADVISORS



Assign Initiate resources and modules, as well as other action items to be completed outside of Initiate.



Develop and track action plans for your learners.



Track the progress of each task to see who is working on it, what has been completed, and what is still outstanding.

**"INITIATE HAS BEEN A GREAT TOOL FOR OUR TECHNICAL ASSISTANCE PROGRAM. WE SEND CLIENTS CURATED CONTENT BASED ON THEIR NEEDS WHICH REINFORCES CONCEPTS WE COVERED DURING OUR COACHING SESSIONS. BEST OF ALL, AS A BILINGUAL BUSINESS COACH, I CAN PULL FROM CONTENT IN ENGLISH AND SPANISH!"**

**- ALDO MEDINA MARTINEZ,  
BUSINESS SERVICES PROGRAM LEAD, CRAFT3**





# OUR BEST YEAR YET

## SUPPORTING PARTNERS

Association for Enterprise Opportunity  
 Mary Bickel  
 Sara Bednarek  
 Guido A. and Elizabeth H. Binda Foundation  
 Amanda and Dan Blondeau  
 Kayla Britting  
 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  
 Tyler Doornbos  
 Fifth Third Bank  
 Fremont Area Community Foundation  
 Terri Govern  
 Grand Rapids Community Foundation  
 Grand Traverse Regional Community Foundation  
 Peter Graves  
 Audrey and Ron Grzywinski  
 Lee Ann Heikkila  
 Mary Houghton  
 Huntington National Bank  
 Chuck Hurst

Kellie and Brian Hoffman  
 Ann and Fred Joyal  
 Patrick J. Klavon  
 Natasha and Matt Koss  
 Lake Effect Associates  
 Jody Lindberg  
 Kathy and Tom Leone  
 Local Initiatives Support Corporation  
 Lundin Foundation  
 Manistee Community Foundation  
 Kathy Mason and Sheldon Riner  
 Mary and Wesley Maurer Jr.  
 James and Lucy McCraven  
 Janie McNabb and Chris Wendel  
 Michigan CDFI Fund  
 Michigan Certified Development Corporation  
 Michigan Department of Agriculture and Rural Development  
 Michigan Economic Development Corporation  
 Michigan Strategic Fund  
 Jill Miller  
 Minority Business Development Agency  
 Northern Michigan University  
 Opportunity Finance Network  
 Michael Oman

Petoskey Harbor Springs Area Community Foundation  
 Pam Porter, Stepping Stone Partners, LLC  
 PNC Bank  
 Sara Proano  
 Quiet Current Consulting, LLC  
 Robert Rapoza  
 Roger Rinsel, Hyde Services, LLC  
 Michael Roy  
 Rural Local Initiatives Support Corporation  
 Quality Systems Associates  
 Elissa Sangalli  
 Deborah Schultz  
 Brian Sheridan, Steward and Sheridan, PLC  
 Suzie Soldenski  
 Sustainable Communities Fund  
 Jodee Taylor  
 TCF Bank  
 The Aspen Institute  
 Rachel Thomas  
 Upper Peninsula Power Company  
 US Small Business Administration  
 USDA Rural Development  
 Mary and Chuck Van Loan  
 Wege Foundation  
 Wells Fargo  
 Kayla and Dennis West  
 W.K. Kellogg Foundation