

2013 ANNUAL REPORT



Northwest Area
Foundation

Reducing Poverty. Building Prosperity.

"We developed in 2013 a refined grantmaking framework that focuses on innovative policies and programs that target two priorities: helping people find *good jobs* and developing their *financial capability*."

Kevin Walker, President & CEO



A REFINED APPROACH

The Foundation arrived at a turning point in 2013. Our grantmaking had put us in close touch with the innovative work of scores of grantees, helping people to climb out of poverty and build the futures they want for themselves. But we felt a compelling need to sharpen our approach—to fund fewer priorities more robustly.

So we dedicated substantial time throughout the year to deep dialogue, learning, and reflection to develop a synthesis of ideas about how we can best support the work of grantees with whom we are building authentic relationships over time.

The result was a refined grantmaking framework that focuses on innovative policies and programs that target two priorities: helping people find *good jobs* and developing their *financial capability*.

When people have the right tools, economic, social, and cultural prosperity is possible. But too many hardworking families live in crisis, or just a paycheck away, in communities with few opportunities for hardworking people to find good jobs that pay enough to get ahead and stay there. We see the Foundation as one of many allies working together to disrupt that reality.

We're committed to this vision, not to any one process for achieving it. We aren't limited by preconceived ideas about what prosperity means. We recognize that there are multiple pathways to prosperity—and we lean on grantees' experiences living, working, and earning trust in their communities.

Now and in the future, we will invest in work to build the financial and social systems our region needs to help people and communities thrive on their own terms.

This annual report provides more information about our refined grantmaking framework and demonstrates it through profiles of some of our most dynamic and forward-looking grantees.

The report also offers information about the grantmaking, administrative activities, and investments of the Foundation. I invite you to email me with further thoughts about our work at info@nwaf.org.

Sincerely,

Kevin Walker
President & CEO

OUR APPROACH

We support champions of change who are building assets, wealth, and opportunity in our communities.

OUR REGION | Idaho | Iowa | Minnesota | Montana | North Dakota | Oregon | South Dakota | Washington | 75 Native Nations



Northwest Area Foundation

Reducing Poverty. Building Prosperity.

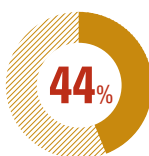


CHALLENGE

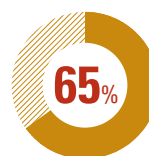
Too many hardworking families live in crisis—or just a paycheck away—in communities with few opportunities to get ahead and stay there.



25% of jobs in the U.S. pay below the poverty line for a family of 4.



44% of U.S. households are asset poor.



65% is how much Native, Black, Latino, and Southeast Asian families earn in comparison to White families.

RESPONSE

Our grantees advance policies and programs to increase good jobs and strengthen financial capability—the pillars of financial security.

GOOD JOBS

Good jobs pay enough to help people get ahead and stay there; they offer benefits and opportunities to move up in the workplace.

FINANCIAL CAPABILITY

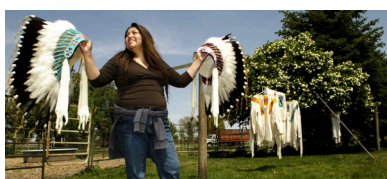
Financial capability means that individuals, families, and communities have the knowledge, skills, and resources to build assets over time.

40% of new grant dollars goes to **NATIVE-LED** organizations that advance genuine opportunities for communities to thrive on their own terms.

OUTCOMES



STABLE AND
EQUITABLE ECONOMIES



MORE LOCALLY
CONTROLLED WEALTH



STRONGER MORE
VIBRANT COMMUNITIES



CULTURALLY ANCHORED
ECONOMIC SYSTEMS

A woman with dark hair, wearing a pink blouse with a colorful geometric pattern, is shown from the chest up. She is smiling and looking towards the right. Her hands are positioned over a dark surface, where she appears to be working on a small, purple, cylindrical object. The background is a soft-focus view of green foliage, suggesting an outdoor setting.

GRANTMAKING WITHIN OUR NEW FRAMEWORK

NWAF's new strategic framework supports grantees who help make the dream of financial security possible for all by increasing good jobs and strengthening financial capability.

Grantmaking through the framework funds efforts to build and share prosperity through culturally anchored organizations, policy innovations, and training programs.

Here are two profiles of 2013 grantmaking that exemplify our framework. These represent the kinds of efforts we'll be funding in future years.



Hacienda cultivates deep relationships with families and Latino communities.

Latino Mercado and Financial Education Build Jobs, Maintain Assets

When a blighted property in southeast Portland, Oregon, became available for redevelopment in 2012, Hacienda Community Development Corporation saw an opportunity to create more good jobs and financial capability within the surrounding Latino community.

Its Micro Mercantes initiative had been using churches' commercial kitchens, and then a small kitchen it had developed, to help Latino food entrepreneurs sell their goods at farmers' markets and in other venues.

But there wasn't enough space to meet the demand. So, Hacienda decided to purchase the blighted property and redevelop it into a large Latino-themed public market, the Portland Mercado.

Hacienda redeveloped a blighted property into a venture that cultivated entrepreneurial talent, created new jobs, and taught financial skills for a Portland Latino community.

Hacienda leveraged its experience in real estate development and social enterprise to envision a new level of entrepreneurship by providing more than 20 low-income Latinos with space to launch or expand their businesses. The new market is under construction and slated to welcome its first customers in March 2015.

The Foundation saw the innovation in Hacienda's plan and awarded a two-year, \$200,000 grant to support it.

Nathan Teske, Hacienda's director of community economic development, reflects, "With a real focus

“With a real focus around the food business, there’s a lot of energy and interest in the Mercado.”

Nathan Teske, *Hacienda, director of community economic development*

around the food business, there’s a lot of energy and interest in the Mercado.”

That energy and interest translate into jobs, and with the jobs comes the ability to build assets.

Hacienda had also recognized a need for financial education among its microentrepreneurs and across its entire customer base. Payday lenders were creating black holes of financial ruin. Hacienda now weaves culturally specific financial empowerment into Micro Mercantes and all of its programs, providing residents with training to support savings plans and credit building.

For more information, visit www.haciendacdc.org or www.portlandmercado.com.

Native Employee-Owned Enterprises Anchor Assets, Capital, and Ownership Locally

Within the strategic framework, 40 percent of the Foundation’s grant dollars fund Native-led organizations. Their work increases good jobs and strengthens financial capability, and it also helps build and ground wealth in Native communities.

Funding supports homegrown leaders who help people find quality jobs, establish good credit, launch small businesses, and save for their futures. Families gain the skills to overcome crises today and begin to feel secure and hopeful about tomorrow.

In 2013, the Foundation supported an innovative way to address these needs by embarking on a three-year grant commitment to a pilot initiative: the Native Employee-Owned Development Project. The pilot brought together six Native-led nonprofits in low-income communities—three reservation and three



Hacienda will finish construction on the Portland Mercado in 2015.

urban—into a learning cohort led by The Democracy Collaborative, a leading national think tank on equitable, inclusive, and sustainable development.

Its Community Wealth Building (CWB) Initiative provides a model of asset-based economic development that grounds business ownership in communities. The Democracy Collaborative had created the model through its work in African American communities in partnership with the Evergreen Corporation in Cleveland. The Foundation’s pilot project funds an opportunity for The Democracy Collaborative to adapt the model for Native-led nonprofits to apply cutting-edge tools to their work.

The initial year focused on learning and action labs aimed at equipping grantees with a core understanding of CWB principles and methodologies, as well as the nuts and bolts of employee-owned enterprise development. Grantees are using the information to tailor solutions to their communities.

According to Nick Tilsen, executive director of Thunder Valley Community Development Corporation, one of

“We’ve always known that sustainable development needed to be at the forefront of whatever strategy we chose for empowering our people and lifting them out of poverty.”

Nick Tilsen, executive director of Thunder Valley Community Development Corporation



Native American Natural Foods prioritizes employee equity in its business model.

the grantees, “We’ve always known that sustainable development needed to be at the forefront of whatever strategy we chose for empowering our people and lifting them out of poverty. The Foundation’s community action labs helped us gain a better understanding of CWB and how a co-op and employee-owned enterprises could play a role in our strategies to create a pathway to prosperity for our community.”

Throughout the process of determining how to make the idea a reality, Tilsen says the Foundation “invested in the long-term success of the project, beyond just dollars,” which gave Thunder Valley the incentive and confidence to delve into creative, self-sustaining solutions.

Thunder Valley approaches entrepreneurship from the ground up—literally—by implementing a comprehensive strategy to build a locally owned and operated housing development on the Pine Ridge Reservation in South Dakota. The strategy will

transform an open prairie into a full-fledged sustainable community.

Thunder Valley installed roads, water, sewer, and electricity in 2013. This will be followed by a workforce development and training program to prepare residents to work on the construction site when the development breaks ground in spring 2015. As the development takes shape, it has the potential to impact the community and individual assets of thousands of residents across the reservation—even those not planning to live in the new development.

Another grantee, Little Earth Residents Association (LERA) of south Minneapolis—the only Native-owned, Indian-preference, HUD-subsidized housing complex in the United States—is approaching entrepreneurial opportunities from a different perspective.

LERA bought a food truck and will begin teaching residents about food handling, running a till, and other business skills that prepare residents to eventually operate the food truck and garner experience and financial benefits themselves. LERA also provided training that allowed residents to take over property management duties from outside contractors and earn a living maintaining the housing complex.

To Native American Natural Foods (NANF), another grantee, located on the Pine Ridge Reservation in Kyle, South Dakota, community wealth building means creating a pathway to equity for its employees.

“The goal,” as Mark Tilsen, president of NANF, explains, “is not just to make a decision based on money, but based on how we can impact the economy, health, and well-being of our community. We’re not foodies. We’re



Thunder Valley's housing development project is revitalizing the Pine Ridge Reservation community.

social entrepreneurs, developing businesses that create change and provide assets to our community.”

The process of deciding how to extend a stake in the company to employees has been arduous because of tax implications and the impact on benefit eligibility. Tilsen says, “Northwest Area Foundation, along with The Democracy Collaborative, pro bono lawyers, and others, has been very supportive and understanding in giving us the resources to help us figure out how we can embed our brand and equity in the community without exposing employees to risks.”

NANF also has been providing employees with financial know-how and professional development skills training in preparation for the increased equity opportunities coming their way. Employees now understand about limited partnerships, shareholder options, and co-op structure. This empowers them to take on and reap the benefits of additional responsibilities at the company, while also making the most of their earnings.

Native-led grantees are cultivating employees as entrepreneurs and owners who revitalize entire communities.

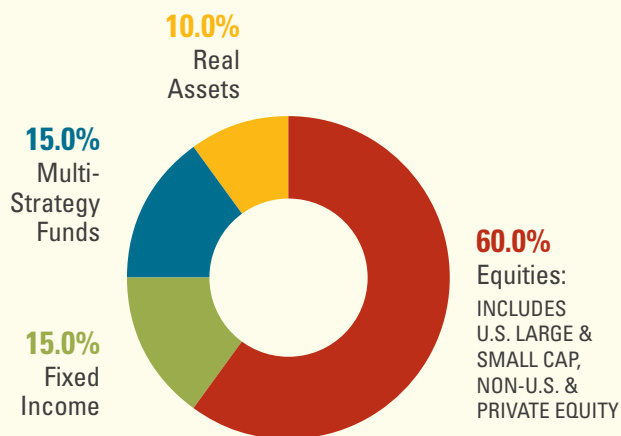
In years two and three of the Native Employee-Owned Development Project, the Foundation is continuing to fund these grantees and the rest of the cohort (although one of the six grantees has since left the cohort). Year two is focused on transforming the learning into conceptual plans for business and community development, and in the final year cohort members will implement their plans.

The end result will provide fuller models for asset building in Native communities that increase good jobs and strengthen financial capability within cohort communities that can be replicable there, throughout the Foundation’s eight-state region, and beyond.

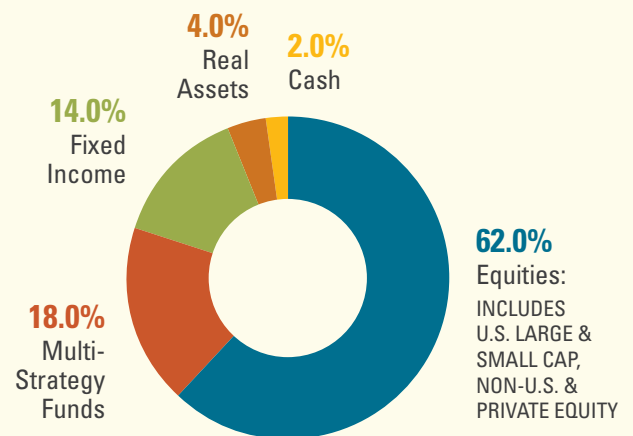
FY2013: JANUARY 1–DECEMBER 31, 2013

The Foundation paid out grants totaling \$14.67 million in this fiscal year.

TARGET ASSET ALLOCATION

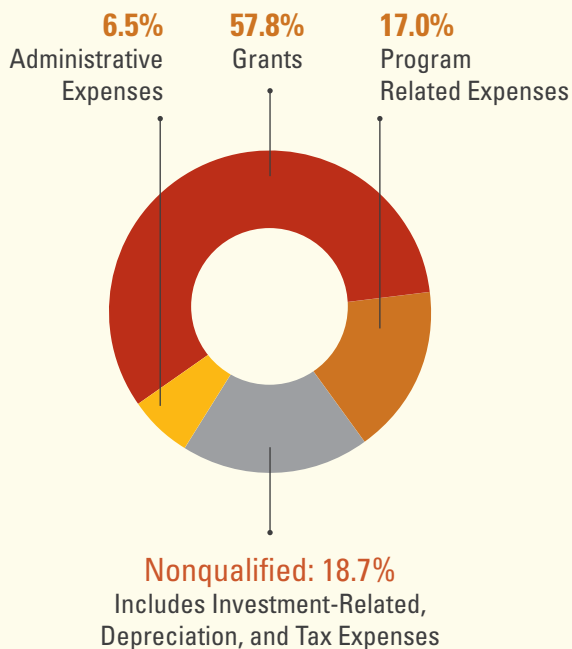


ACTUAL ASSET ALLOCATION

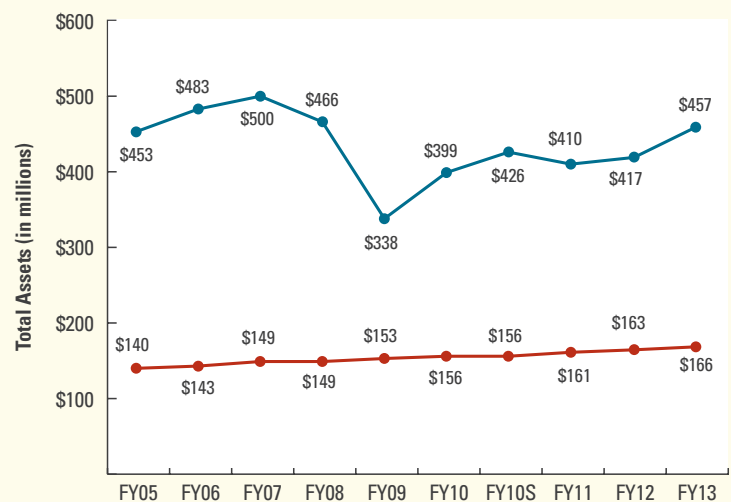


ALLOCATION OF EXPENSES

Qualified: 81.3%



GROWTH IN TOTAL ASSETS THROUGH 12/31/13



- Total Assets at Market Value
- Donor Contributions — Adjusted for Inflation (1934 to Present)



OUR PEOPLE

NWAF staff and board listing as of October 15, 2014

President's Office

Kevin Walker, *President & CEO*
(651) 224-9635 | kwalker@nwaf.org

Margie Andreason, *Assistant to the President & Project Coordinator*
(651) 225-3894 | mandreason@nwaf.org

Paul Bachleitner, *Communications Director*
(651) 225-7704 | pbachleitner@nwaf.org

Programs

Deanna Arce, *Program Operations Manager*
(651) 225-3879 | darce@nwaf.org

Jessica Bower, *Administrative Specialist*
(651) 225-3885 | jbower@nwaf.org

Patrick Ciernia, *Program Assistant*
(651) 225-7706 | pciernia@nwaf.org

Nikki Foster, *Program Officer*
(651) 225-3873 | nfoster@nwaf.org

Justin Huenemann, *Senior Program Officer*
(651) 225-3878 | jhuenemann@nwaf.org

Martin Jennings, *Program Officer*
(651) 225-7716 | mjennings@nwaf.org

Christianne Lind, *Program Officer*
(651) 225-7702 | clind@nwaf.org

Karla Miller, *Program Director*
(651) 225-3880 | kmiller@nwaf.org

Finance & Administration

Millie Acamovic, *Vice President of Finance & Administration/Chief Financial Officer*
(651) 225-3897 | macamovic@nwaf.org

Karen Appelbaum, *Operations Director*
(651) 225-3877 | kappelbaum@nwaf.org

Gretchen Dykstra, *Human Resources Director*
(651) 225-7718 | gdykstra@nwaf.org

Sherry Fisher, *Assistant to the Chief Financial Officer & Project Coordinator*
(651) 225-3899 | sfisher@nwaf.org

David Hoffman, *Network Administrator*
(651) 225-3875 | dhoffman@nwaf.org

Amy Jensen, *Investment Director*
(651) 225-3886 | ajensen@nwaf.org

Gay Ann Louiselle, *Controller*
(651) 225-3870 | glouiselle@nwaf.org

Deborah Peterson, *Grants & Contracts Manager*
(651) 225-3893 | dpeterson@nwaf.org

Mary Strube, *Accountant*
(651) 225-3887 | mstrube@nwaf.org

Jennifer Witt, *Librarian/Information Governance*
(651) 225-3863 | jwitt@nwaf.org

Board of Directors

Terrence W. Glarner, *St. Paul, MN*

M. Lorena Gonzalez, *Seattle, WA*

Louis F. Hill, *St. Paul, MN*

Linda L. Hoeschler, *St. Paul, MN*

Rodney W. Jordan, *Vice Chair, Plymouth, MN*

Hyeok Kim, *Seattle, WA*

James Laducer, *Bismarck, ND*

Fr. Kevin McDonough, *St. Paul, MN*

Elsie Meeks, *Interior, SD*

Natalie Camacho Mendoza, *Boise, ID*

Lynda Bourque Moss, *Billings, MT*

Sally Pederson, *Chair, Des Moines, IA*

Nicholas Slade, *Minneapolis, MN*

William Thorndike, Jr., *Medford, OR*

Sarah Vogel, *Bismarck, ND*

Nicholas Walrod, *Portland, OR*

The Northwest Area Foundation's annual report is also online. Please visit www.nwaf.org for a more detailed picture of what we do, how we do it, and why, and for additional financial information. You'll also see links to Foundation staff.

