“Enterprise Development is a proven way to empower people to pursue their dreams of opening a business so they can thrive on their own terms.”

— Kevin Walker, NWAF President and CEO
ENTERPRISE DEVELOPMENT LIFTS UP UNDER-RESOURCED COMMUNITIES

Our funding strategy supports four portfolios of nonprofit work that advance good jobs and financial capability as a means to help people find ways out of poverty toward a brighter future.

This year, we’re going to take you deeper into the strategy by focusing on grantmaking within one of our four portfolios: Enterprise Development.

Enterprise Development is a proven way to empower people to pursue their dreams of opening a business so they can thrive on their own terms. The kinds of enterprises we’re supporting are microenterprises, where local residents work for themselves and expand job possibilities for others, and social enterprises, through which nonprofits raise revenue toward their mission while increasing their impact in the community.

At the center of it all are the communities we serve. We’re particularly focused on under-resourced communities—Native nations, communities of color, rural communities, and areas with high immigrant and refugee populations—which haven’t received their fair share of investment and other opportunities that drive entrepreneurship and the creation of ownership and income.

Both microenterprise and social enterprise build wealth in communities. These kinds of enterprises promote ownership among residents, who are far more likely to employ community members, offer training, invest in the community’s social well-being, and cultivate local assets.

At the heart of this annual report is an in-depth profile on the brilliant work of Neighborhood Development Center, which is based near our offices in St. Paul. NDC fosters microenterprises in communities of color, including Native American, immigrant, and refugee communities.

Budding, community-based entrepreneurs gain access to loans that can help launch their businesses (touching on the need for access to capital, which is often unavailable to them). They also receive comprehensive training and services that lead to success and, ultimately, healthy growth in their communities.

We hope that through the stories of the entrepreneurs supported by NDC, you’ll understand how locally owned enterprises are the lifeblood of communities and why they have the potential to grow prosperity for all.

Sincerely,

Kevin Walker
President and CEO
Why We Support

ENTERPRISE DEVELOPMENT

Across our region of eight states and 75 Native nations, we are working to help build strong, vibrant communities with thriving economies—where people have access to good jobs and the financial capability to build assets and take control of their own financial future.

In our current economic system, opportunities for small businesses in communities haven’t kept pace with the prosperity other communities in the region have enjoyed.

These communities haven’t received enough investment and need more resources to thrive. They need a supportive environment—like banks, business development services, and technical assistance—that helps businesses get off the ground and grow. Without these conditions, the economic promise and job-creation potential of local entrepreneurs and small businesses are lost. Income inequality and opportunity gaps continue to grow. The jobs that are available don’t pay enough and offer few, if any, benefits.

That is why we invest in the Enterprise Development work of organizations whose mission is to serve communities who haven’t received their fair share of investment: Native nations, communities of color, rural communities, and areas with high immigrant and refugee populations.

Enterprise Development drives entrepreneurship and provides ownership, jobs, and training opportunities to people who have been denied them in the past. It empowers people to pursue their dreams of opening a business so they can thrive on their own terms.

Enterprise Development also means community investment. Locally owned small businesses understand that their own success depends on the well-being of their communities, economic and otherwise. They offer good jobs and improve the financial capability of their employees. Investing in Enterprise Development is a proven way to achieve meaningful results for people and communities who have been denied opportunity for generations.

We invite you to visit nwaf.org/portfolio/enterprise-development to learn more about how investing in Enterprise Development is making a difference in the lives of people determined to help their families and communities thrive.
## LIFTING UP SMALL BUSINESS AND MICROENTERPRISE

Small businesses and the people who run them are the lifeblood of thriving local economies. Businesses with fewer than 20 employees account for more than 97 percent of all new jobs. Small and microenterprises owned by local residents extend and expand key economic opportunities, especially for people who face limited job prospects where they live.

<table>
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<tr>
<th>7 in 10</th>
<th>Microbusinesses are not side projects. More than seven in 10 microbusiness owners report their business to be their <strong>SOLE SOURCE OF INCOME</strong>.</th>
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<td>Source: Association for Enterprise Opportunity</td>
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| 92% | Microbusinesses, defined as enterprises with **FEWER THAN FIVE EMPLOYEES**, represent 92 percent of all U.S. businesses. |
| Source: Association for Enterprise Opportunity |

| 95% | **95%** of microenterprises that went through **DEVELOPMENT PROGRAMS** were still running the next year. |
| Source: FIELD at The Aspen Institute |

| 80% | The Aspen Institute’s FIELD program found that when **BUSINESS OWNERS RECEIVE TRAINING** and coaching help, 80 percent are still in business after five years, compared to 50 percent of those who did not get such help. |
| Source: Huffington Post |

## SUPPORTING SOCIAL ENTERPRISE STRATEGIES

Local nonprofits do good in the community by providing job training and teaching financial literacy, workplace skills, and entrepreneurship to build people’s financial capability. At the same time, they deploy social enterprise strategies—like a youth-run garden and café, or a technology recycling program operated by adults facing barriers to employment—to raise revenue to further their own mission and have a greater impact for the people they serve.

| 85% | **85%** of people entering social enterprises didn’t have **STABLE HOUSING** the year prior. |
| Source: REDF Jobs Report |

| 71% | **71%** of **MONTHLY INCOME** for people entering social enterprises previously came from government benefits. |
| Source: REDF Jobs Report |

| TRIBAL AGRICULTURE ENTERPRISES | not only provide jobs for tribal citizens and surrounding communities, but they also have a social component—supporting **BETTER NUTRITION, HEALTH, AND WELL-BEING**, as well as putting traditional foods into the marketplace. |
| Source: NCAI |

| 25% | **25%** of people entering social enterprises had **NEVER HELD A JOB** before. |
| Source: REDF Jobs Report |
NEIGHBORHOOD DEVELOPMENT CENTER

How microenterprise creates investment and opportunities that allow communities to thrive

Profile by Clay Scott

“I can say that without NDC, I would not have achieved my dream.”

— Hassan Ziadi, NDC participant

When Bee Vang takes a break from work and walks down University Avenue in St. Paul, he might hear the sounds of Vietnamese, Spanish, Somali, Oromo, Khmer, or any one of a dozen other languages, including his native Hmong. Back at the offices of Neighborhood Development Center (NDC), where Bee is a loan officer and business adviser, he hears many of those same languages being spoken.

“Part of what makes NDC so effective,” he says, “is that our staff is intimately connected with the people we serve. We’re from those communities.”
NDC is dedicated to revitalizing and transforming inner city communities “one entrepreneur at a time,” and its work has had a profound and measurable impact.

With its commitment to serving people of color—who have been largely under-resourced and underserved—and its success in tapping into the entrepreneurial energy of low-income neighborhoods, the organization exemplifies the type of microenterprise development that NWAF is looking to fund through the Enterprise Development portfolio. Microenterprises fostered and supported by organizations like NDC provide crucial opportunities to develop ownership and income, and those are opportunities that the Foundation wants to cultivate through its funding.

The communities served by NDC may represent a variety of cultures, but Bee Vang says they have one thing in common: a lack of access to mainstream financial institutions.

“Banks tend to be concerned with one thing and one thing only,” he says, “and that’s profitability. At NDC, on the other hand, we try to work with people, try to understand their circumstances, their background, and what they’re trying to achieve. Then we see if there’s a creative way we can help them fund their business.”

Access to Loan Capital + Business Training = Successful Entrepreneurs

NDC has not only helped fund small businesses in communities of color, but has also provided vital technical assistance, business training, and other support.

“It is a very powerful thing,” he says, “to have a chance to work with these diverse entrepreneurs, who are so passionate about what they are doing. We become their friends. We become their biggest fans. And whether they’re trying to set up a small grocery store, or a translation agency, or a medical transportation service, the dream is the same.”

Take Hassan Ziadi. Ever since he was a boy in Rabat, Morocco, he had a vision of opening his own restaurant—just a small place, he says, where he could share the flavors of his homeland. He had worked as a chef in fine restaurants around the world, but it wasn’t until he came to Minneapolis that he began to try and make his dream a reality. That turned out to be a lot more daunting than he had anticipated.

“I knew nothing,” he says. “Not accounting, not marketing, not business licensing or insurance. Nothing. Now I understand that having a restaurant is a lot more than just cooking.”

“At NDC . . . we try to work with people, try to understand their circumstances, their background, and what they’re trying to achieve. Then we see if there’s a creative way we can help them fund their business.”

— Bee Vang, NDC Loan Officer and Business Adviser
A friend told Hassan about NDC’s business training class. The program introduced him to concepts he’d never thought about, gave him strategies for dealing with problems he would never have anticipated, and—most important of all, he says—gave him confidence that he could succeed. He also qualified for a timely microloan from NDC and received invaluable technical assistance. In a matter of months, he had launched Moroccan Flavors at the Midtown Global Market in Minneapolis, one of NDC’s business incubators. Hassan seems almost in shock as he describes how quickly things came together.

“NDC was incredible,” he says, as he ladles a savory Moroccan tagine onto a plate while a line of customers waits at the cash register.

“All of the staff helped out—the loan officers, everybody. They helped me with my menus. They even helped me paint. I can say that without NDC, I would not have achieved my dream.”

A Domino Effect that Benefits Everyone

Isabel Chanslor is NDC’s chief program officer, and she’s witnessed many success stories like Hassan’s.

“The most gratifying thing for me, working with these amazing entrepreneurs,” she says, “is to watch the accumulation of small triumphs. We focus our resources on particular neighborhoods, and with each success story, that neighborhood becomes a little stronger, and people are a little more inclined to spend their money there, and people who live in it are a little more inclined to keep living there.”

Building Confidence, Growing, and Benefiting Others

Aileen Erler is an entrepreneur whose work is not confined to a single neighborhood, but her relationship with Isabel and NDC was crucial in helping her start her business, Alpha 1 Appliance Repair.

“My career definitely represents a nontraditional path for a Native American woman—or for a woman, period,” Aileen says. “But it’s a good, honest, satisfying way to make a living. I’m independent, and I can support my family. And it’s my own business. And I’m proud of that.”

Aileen got a degree in appliance repair, but it was years before she was able to launch her business. Like Hassan, she found her way to NDC’s business training program, and it was an eye-opener for her.

“The class taught me so much,” Aileen says. “And almost all of it was new to me—from the nuts and bolts of setting up a spreadsheet for bookkeeping and invoicing, to advertising, budgeting, putting together a business plan—everything. It might all seem like basic stuff, but when you don’t have experience with any of it, it can seem intimidating and confusing. Now those concepts are a really important part of my approach to my business.”
That business has continued to grow, and Aileen says she’s become more organized, more productive, and more efficient. In the future, she’d like to help train other women entrepreneurs.

She adds, “To start a business from scratch is liberating and it’s empowering. It makes me feel I have control over my finances and my ability to take care of my family. But there’s something else about my work that I realize I really love, and it’s also what I appreciate about NDC. And that is: that I do something that produces tangible results and that provides a service. Ultimately, I am able to give something to other people. And that’s what really matters.”

“"To start a business from scratch is liberating, and it’s empowering. It makes me feel I have control over my finances and my ability to take care of my family.” — Aileen Erler, NDC participant

Listen directly to the voices within the NDC profile through the audio story. Visit nwaf.org/annual-reports.

HOW IT SERVES ENTERPRISE DEVELOPMENT

Neighborhood Development Center supports microenterprise as a means to build ownership and income for low-income communities, especially in communities of color—including Native American, immigrant, and refugee communities—where ownership opportunities have been profoundly limited. NDC intentionally targets owners of microenterprises by providing loans that fund their operations, as well as comprehensive and integrated programming that encompasses training, technical assistance, and incubator opportunities.

NDC’s effectiveness at training entrepreneurs is astonishing. To date, more than 550 entrepreneurs—nearly all of them people of color, and many of them immigrants and refugees—have passed through NDC’s training program and gone on to launch their own businesses, employing more than 2,000 people. That translates into strong communities and vibrant neighborhoods.
The Foundation paid out grants totaling $16,322,557 in this fiscal year.

**TARGET ASSET ALLOCATION**
- **EQUITIES** – 60%
  (includes US Large & Small Cap, Non-US Equity & Private Equity)
- **FIXED INCOME** – 17%
- **MULTI-STRATEGY FUNDS** – 13%
- **REAL ASSETS** – 10%

**ACTUAL ASSET ALLOCATION**
- **EQUITIES** – 62%
  (includes US Large & Small Cap, Non-US Equity & Private Equity)
- **FIXED INCOME** – 24%
- **MULTI-STRATEGY FUNDS** – 7%
- **REAL ASSETS** – 4%
- **CASH** – 2%

**ALLOCATION OF EXPENSES**
- **GRANTS** – 63.7%
- **PROGRAM RELATED EXPENSES** – 10.9%
- **ADMINISTRATIVE EXPENSES** – 7.7%
- **NONQUALIFIED EXPENSES** – 17.7%
  (includes investment-related, depreciation, and tax expenses)

**GROWTH IN TOTAL ASSETS**
- Total Assets at Market Value
- Donor Contributions—Adjusted for Inflation (1934 to Present)
The Northwest Area Foundation's annual report is also online. Please visit 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 and be able to listen to stories from the grantees featured in this annual report.

PHOTOGRAPHY Steve Wewerka: cover, inside front cover, and pages 1-8; Ted Sandeen: page 11
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