



25 YEARS OF LEADERSHIP IN THE FIELD OF COMMUNITY DEVELOPMENT



The Founders



The Emerging Leaders

2014 ANNUAL REPORT



FROM THE BOARD CHAIR AND EXECUTIVE DIRECTOR



This past year marked an important milestone for MCCD. In 2014, we celebrated our 25th Anniversary. For those in our field, who were the Twin Cities' community development "pioneers" back in 1989, the past quarter century has gone by quickly. Still today, many of our early leaders are continuing the important work of community building, as they were 25 years ago and earlier.

At MCCD's anniversary event on October 8, we were able to bring together a group of those founders to help us look back at that earlier time when MCCD, then known as the Minneapolis Consortium of Community Developers, was established. But milestone events are not just a time to look back, they can also help us look ahead.

At our anniversary celebration, we presented an inspiring video of an earlier event that brought together MCCD's founders with a group of young professionals who are members of our Emerging Leaders in Community Development. At the event, the Emerging Leaders unveiled plans for a series of timely discussions on issues facing the field of community development in the 21st Century.

While the 25th Anniversary was a highlight of 2014, our focus continued to be the important work that we and our members do on a day to day basis. On the advocacy front, we achieved a major legislative victory when the "Homes for All" coalition – co-chaired by MCCD – was able to obtain \$100 million in state bonding for affordable housing. Our Open to Business initiative helped 57 entrepreneurs access nearly \$22.4 million in capital for their business projects.

Our thanks to all our friends and partners that worked with us this past year to achieve so much! And, a special thanks to the many early community developers that built the foundation of MCCD so many years ago. We wouldn't be here today without you!

Best Regards,

Karen Reid,
Board President

Jim Roth,
Executive Director



MCCD'S 25TH ANNIVERSARY CELEBRATION



Photographs:

1. Jim Roth, Chad Schwitters, Caren Dewar, and Jackie Cherrhomes
2. Peter McLaughlin
3. Rose Teng, Rose Carr, and Jackson Schwartz
4. Dale Forsberg, Nasibu Sareva, and Lisa Kugler
5. Karen Reid, Cecile Bedor, and Mike Temali
6. Guests at MCCD's 25th Anniversary Celebration

2014 Legislative Highlights

Expanded supporters of Homes for All to over 100 organizations.

With our partners, obtained 35 House and Senate co-sponsors of the stand-alone bonding bill for housing.

Facilitated meetings with key legislators to generate support for housing issues.

Testified in support of housing bonding legislation.

Facilitated news stories and commentary about Minnesota's affordable housing needs.

ADVOCACY

During the 2014 session, MCCD worked with our members and partners to successfully pass **\$100 million in bonds for housing**, which was a significant part of the \$846 million dollar bonding package. This success was due to many years of coordinated and collaborative effort through the **Homes for All** campaign. MCCD also was able to bring our members' experience into a number of campaigns outside of Homes for All, and was able to provide feedback on a number of legislative proposals.

Driver's license issues

MCCD staff worked to collect and share information with the coalition supporting safe drivers' licenses about how businesses have been harmed by existing restrictions.

Coalition for Choice in Housing

MCCD supported the Coalition for Choice in Housing's efforts to eliminate existing policy that caps the number of individuals with disabilities residing in a building to no more than 25% of the units. This limit causes substantial hardship for developers who create housing for those with disabilities.

Rental housing regulations

MCCD worked with members and community partners to provide feedback to a number of proposed changes to rental housing regulations.

Foreclosure reform

MCCD worked with our members and community partners who provide direct foreclosure prevention counseling to respond to legislation that would have stripped the existing counseling network of much of their relevance and ability to serve homeowners struggling with foreclosure.



Homes for All Advocacy

Homes for All advocates meet at the Minnesota State Capitol with Representative Alice Hausman (center.)

NETWORKING AND INFORMATION SHARING

MCCD hosts formal and informal events that bring together the region's community development leaders. These gatherings are attended by community development staff as well as funders, policy makers, staff from city and state agencies, private lenders, for-profit developers, and other members of the community. MCCD also shares news and updates with members and partners through its newsletter, website updates, e-news, and Housing Updates.

In 2014, we continued our Community Development Conversations series, which covers timely topics in housing and economic development. Topics included:

- Post Election Debriefing at Twin Cities Habitat for Humanity.
- Collaborations in Place at the Hopkins Center for the Arts in partnership with Hennepin County Community Works and Twin Cities LISC.

We coordinated tours of housing developments sponsored by MCCD members. These tours included:

- Net-Zero Energy House by Twin Cities Habitat for Humanity. Designed using German Passive Housing methodology, the house is expected to dramatically reduce energy use. Members and partners came to learn more about the energy efficient design, technology, and mechanical systems used.
- Concordia Arms by CommonBond Communities in Maplewood. The developer undertook major renovations to this suburban senior living community and increased on-site supportive services, including units for homeless seniors.
- Four Green Homes North Houses Completed by Members: Artspace, Greater Metropolitan Housing Corporation, PRG, Inc. and Project for Pride in Living. Members and partners learned more about the Green Homes North Program of the city of Minneapolis.

2511 James Avenue North

The beautiful home shown at right is one of the four green houses constructed in north Minneapolis. Mitchell Construction, Inc. built this house at 2511 James Avenue North for nonprofit developer PRG, Inc. MCCD provided Mitchell Construction with a transactional loan to help finance upfront costs on this house along with several others the company built.



Anderson Mitchell

The sole owner of Mitchell Construction, Inc., Anderson Mitchell is also a resident of north Minneapolis. The attractive and affordable houses he and his construction company have built in north Minneapolis have made a lasting, positive impact on the community.



2014 Highlights

MCCD helped 63 entrepreneurs secure capital to start, expand or improve their businesses, including 57 who received direct loans from MCCD.

These 57 direct borrowers were located in 25 communities throughout the metropolitan area.

MCCD support enabled our entrepreneurs to access nearly \$22.4 million in capital for their business projects.

Open to Business advisors provided valuable technical assistance to 740 entrepreneurs.

MCCD provided 108 metro area residents with credit building loans.

Credit building borrowers who completed the program saw their credit scores increase an average of 35 points.

25 YEARS OF LENDING AND ASSISTANCE TO SMALL BUSINESSES

In 2014, MCCD celebrated not only its 25th anniversary but also 25 years of providing loans and technical assistance to small businesses. When the program started in 1989, our largest loan was only \$3,000 and we only made loans in Minneapolis.

Over the years, we have adapted the loan and technical assistance program to meet the wide range of needs of both the small businesses we serve and the organizations with whom we partner.

While we still make microloans as small as \$1,500, we've also made loans as large as \$300,000 to growing second stage businesses.

In the last 25 years, MCCD made 850 loans totaling \$13.2 million. However, over one-third of our total loan volume was made in just the last three years when we started targeting some of our lending to help second stage businesses.

Since 2012 alone, we've made 136 business loans totaling over \$4.7 million. Our loans leveraged another \$43 million in other financing, and most important, will lead to the creation or retention of over 900 jobs.

You can see the businesses we've financed revitalizing Lake Street, serving customers on Nicollet Avenue, and helping to revive Central Avenue in Minneapolis. They are helping to build communities from Brooklyn Park to Waconia and from Shakopee to Hastings.



Peppers & Fries

Steve Frias (aka Fries), pictured at left, opened Peppers & Fries in 2014 with his wife Lorraine and daughter Maria (aka Pepper.) The restaurant is part of the recent resurgence along East Lake Street in Minneapolis. Peppers & Fries offers casual dining with a baseball and sports motif.

OPEN TO BUSINESS IMPACT

When MCCD launched the Open to Business Program in 2011, we served only four communities. Now we are under contract to serve 48 municipalities and will soon bring that number to 67. Through partnerships with metro-area municipalities, we help local governments create their own business support programs targeted at residents and entrepreneurs in their communities.

Open to Business has helped hundreds of entrepreneurs with technical assistance and helped scores of them with financing.

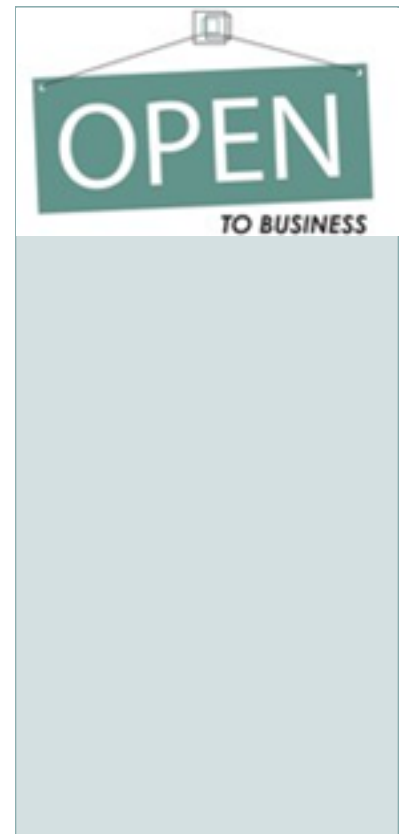
Starting or expanding a business is not easy, which is why the technical assistance MCCD offers is as valuable as financing. In 2014 Open to Business advisors provided nearly 4,000 hours of help to over 740 entrepreneurs.

MCCD's Lending Program provides a

range of products tailored to the needs of small business, from micro-loans to help a new entrepreneur start a business to large loans of \$150,000 or more to help a growing business fill a financing gap on a multi-million dollar real estate project.

In 2014 MCCD provided 57 small business loans totaling \$1.66 million. While the vast majority of our borrowers were early-stage businesses, 25% of our loans were made to second stage businesses that received larger loans averaging nearly \$78,000.

MCCD's direct loans leveraged another \$20.7 million in capital from other sources including banks, our community lending partners and owner equity. On average every \$1 of MCCD direct loan leveraged \$12.50 in other financing, an efficient use of our funds.



“Open to Business has helped hundreds of entrepreneurs with technical assistance and helped scores of them with financing.”

Primrose School -Minnetonka

Cathy and Dan Keefe (pictured at right) were proud to open a new Primrose School in Minnetonka, providing care to children six weeks to 12 years of age. MCCD partnered with our member First Children's Finance to provide a small loan to help fill the gap on this \$4.3 million project.



CREDIT BUILDING PROGRAM

According to Karen Reid, executive director of Neighborhood Development Alliance (NeDA), “the credit builder program may have just as big an impact on individual lives as MCCD’s business loans.”

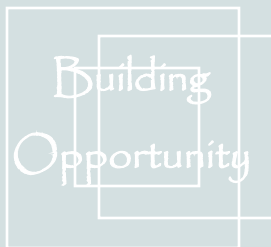
That’s because poor credit has a huge negative impact on many aspects of an individual’s life, from whether or not he or she can rent an apartment, find affordable car insurance, secure a loan at a reasonable rate, or sometimes, even to get hired for a job. Partnering with five nonprofit credit counseling agencies including NeDA, MCCD offers credit building loans to help disadvantaged and low income individuals improve their credit scores.

In 2014, we made 108 credit building loans, bringing the total to 308 since the program began in 2009. Even though they face many challenges, most borrowers work hard to pay their loans on time. On average they are increasing their scores by 35 points over a 12 month period, with some borrowers seeing even larger gains.

“The credit builder program may have just as big an impact on individual lives as MCCD’s business loans.”

MCCD LENDING PARTNERSHIPS

| | |
|---|---|
| BankCherokee | Neighborhood Development Alliance |
| Brooklyn Park Development Corporation | Neighborhood Development Center |
| BuildWealth Minnesota | Northeast Bank |
| CommonBond Communities | Project for Pride in Living Center for Working Families |
| Community Development Financial Institution (CDFI) Fund | Security Bank Waconia |
| Highland Bank | Sunrise Banks |
| Infinia Bank | U.S. Bancorp Community Development Corporation |
| Latino Economic Development Center | Venture Bank |
| Lutheran Social Services East Side Financial Center | Wells Fargo Community Development Corporation |
| Minneapolis Department of Community Planning and Economic Development | Wells Fargo SBA Lending |
| Minnesota Department of Employment and Economic Development | William C. Norris Institute |



LOCATION OF BUSINESSES THAT RECEIVED MCCD FINANCING

| County | Number of Businesses Financed | MCCD Financing | Other Funds Leveraged |
|--------------|-------------------------------|--------------------|-----------------------|
| Anoka | 3 | \$250,000 | \$6,359,500 |
| Carver | 5 | \$142,500 | \$125,538 |
| Dakota | 1 | \$25,000 | \$435,000 |
| Hennepin | 33 | \$822,348 | \$10,789,113 |
| Ramsey | 4 | \$130,000 | \$1,129,079 |
| Scott | 10 | \$254,600 | \$1,569,875 |
| Washington | 1 | \$35,000 | \$330,000 |
| Total | 57 | \$1,659,448 | \$20,738,105 |

In 2014, every \$1.00 of MCCD loan funds leveraged \$12.50 of additional financing from banks, community partners, and equity.

Doggie Doo's Spa & Retreat

Starla Tyree (at left in the dark shirt) and her partner Carrie Engh (at right in the light blue shirt) make sure both humans and animals have a great time at Doggie Doo's Spa & Retreat in Shakopee. The business has grown so much since they opened in their new space that they already have added 10 employees!





EMERGING LEADERS IN
COMMUNITY DEVELOPMENT

EMERGING LEADERS IN COMMUNITY DEVELOPMENT

The Emerging Leaders in Community Development (ELCD) had another great year in 2014, continuing to advance our mission “to equip early-career and mid-career community development professionals with the knowledge and relationships needed to effectively work with people and places to build our best possible future.”

Our Steering Committee organized and hosted a new event in 2014, an Oxford-style debate on the topic of gentrification at Minnesota Housing Finance Agency. US Bank’s Vicki Shipley moderated the debate between Gary Schiff (former Minneapolis city council member) and Paul Williams (Project for Pride in Living) against Terri Thao (Nexus Community Partners) and Phil Sandro (Higher Education Consortium for Urban Affairs). Emerging Leaders had the opportunity to meet and discuss ideas with debaters and fellow participants at a social hour following the debate.

Our energetic and enthusiastic mentors and mentees kicked-off a fourth year of our mentorship program at our opening event at Project for Pride in Living. With 38 matches, this is our largest mentorship round so far. The program continues to be popular for those who are new to the field, as well as for mid-career professionals looking to connect with senior-level leaders in the field.

The Professional Development group started a new series of informal peer-learning lunches, called ELCD Exchanges. We hosted two in 2014: one on affordable housing asset management and another on food entrepreneurs and their role in community development.

Our 2014 Annual Meeting was held at Cookie Cart in North Minneapolis and featured keynote speaker Devean George of Building Blocks. Devean shared his background growing up in Minneapolis and how he became involved in community development after his time playing basketball in the NBA. The Emerging Leaders also started a new membership program to encourage people to become more involved in the group and help us continue to grow and expand.



ELCD Annual Meeting

Members of the Emerging Leaders Steering Committee make plans for the fourth year of the program at their annual meeting in October 2014.

2014 BOARD OF DIRECTORS

Karen Reid

MCCD President
Executive Director,
Neighborhood Development Alliance

Nieeta Presley

MCCD Vice President
Executive Director,
Aurora/St. Anthony Neighborhood
Development Corporation

Kathy Wetzel-Mastel

Executive Director,
PRG, Inc.

Chad Schwitters

Executive Director
Urban Homeworks

Jeff Washburne

Executive Director,
City of Lakes Community Land Trust

Mary Keefe

Executive Director,
Hope Community, Inc.

Jim Erchul

Executive Director,
Dayton's Bluff Neighborhood Housing
Services

Barbara McCormick

Vice President of Housing,
Project for Pride in Living, Inc.

Sarah Larson

Project Manager,
Beacon Interfaith Housing Collabora-
tive

Mario Hernandez

Vice President and COO,
Latino Economic Development Center

Mike LaFave

Vice President and COO
Neighborhood Development Center

Nasibu Sareva

Executive Director,
African Development Center

MCCD's Mission:

*To work collabora-
tively to build
strong, stable com-
munities by lever-
aging resources for
the development of
people and places*

MCCD STAFF

Jim Roth

Executive Director

Holly Bolstad

Loan Program Administrative Assistant

Dave Chapman

Director of Lending and Operations

Laurie Crow

Business Advisor

Kathleen DuChene

Business Advisor

Darielle Dannen

Public Policy Director

Greg Gramza

Office Manager

Lee Hall

Director of Finance

Kris Maritz

Business Advisor

Iric Nathanson

Business Advisor

Mara O'Neill

Loan Program Manager

Christine Pigsley

Business Advisor

Rob Smolund

Business Advisor

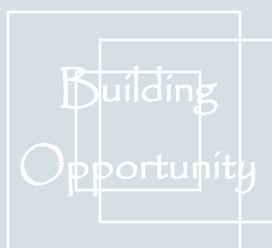
Rose Teng

Policy Analysis and Research Coordinator



2014 MEMBER ORGANIZATIONS

| | |
|---|--|
| Aeon | Latino Economic Development Center (LEDC) |
| African Development Center | Metropolitan Economic Development Association (MEDA) |
| African Economic Development Solutions | Model Cities |
| Alliance Housing Incorporated | Neighborhood Development Alliance (NeDA) |
| American Indian Community Development Corporation | Neighborhood Development Center (NDC) |
| Artspace | Neighborhood Housing Services |
| Asian Economic Development Association | NeighborWorks Home Partners |
| Aurora/St. Anthony Neighborhood Development Corporation | NEON |
| Beacon Interfaith Housing Collaborative | Northeast Community Development Corporation |
| Build Wealth Minnesota | Northside Residents Redevelopment Council (NRRC) |
| Building Blocks | PRG, Inc. |
| City of Lakes Community Land Trust | Project for Pride in Living, Inc. (PPL) |
| CommonBond Properties | Riverton Community Housing Association |
| Community Housing Development Corporation | Rondo Community Land Trust |
| Community Reinvestment Fund | RS Eden |
| Dayton's Bluff Neighborhood Housing Services | Seward Redesign, Inc. |
| East Side Neighborhood Development Company | Springboard for the Arts |
| Emerge Community Development | Twin Cities Habitat for Humanity |
| First Children's Finance | Twin Cities Housing Development Corporation |
| Greater Metropolitan Housing Corporation | Two Rivers Community Land Trust |
| Hmong American Partnership | Urban Homeworks |
| Homes Within Reach | West Bank Community Development Corporation |
| Hope Community | WomenVenture |
| Lake Street Council | YWCA Saint Paul |



2014 FINANCIAL SUPPORTORS

Allina Health

Ameriprise Financial, Inc.

CenterPoint Energy

Family Housing Fund

Infinia Bank

Landmark Environmental, LLC

The McKnight Foundation

National Association of Development Companies

Northwest Area Foundation

The Jay and Rose Phillips Foundation
Minnesota

Sunrise Community Banks

TCF Foundation

Twin Cities Local Initiatives Support Corporation

US Bank Corp and US Bank Foundation

Valspar Foundation

Wells Fargo Foundation Minnesota

Western Bank

Women's Foundation of Minnesota

Xcel Energy and Xcel Energy Foundation



Tweak the Glam Studio

MCCD helped Tawanna Jackson (pictured above) start Tweak the Glam Studios in the North Loop area of Minneapolis. A licensed esthetician, Tawanna specializes in eyelash extensions and make-up artistry and “anything glam.”

Global Vision

The vision of MCCD is one of hope and commitment. We hope for a time when communities are strong and articulating and influencing their own destinies. We hope for a time when everyone has a safe place to live that serves their physical needs and provides meaningful relationships and opportunities for contribution. We hope for economic opportunities for fulfilling and life sustaining work for everyone with a desire to achieve the wellbeing of their families and communities. We commit ourselves to ensure no one is excluded from this vision.

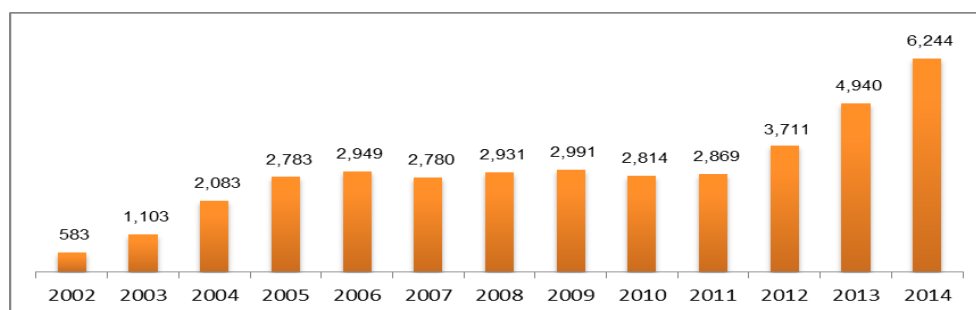


MCCD BALANCE SHEET, 2014

| ASSETS | 2014 | 2013 |
|--|------------------|------------------|
| Current Assets | | |
| Cash and cash equivalents | 562,717 | 308,627 |
| Restricted cash for loan fund | 129,848 | 326,879 |
| Restricted Cash by Funder | 674,310 | 297,757 |
| Investments | 0 | 108,972 |
| Accounts receivable | 73,600 | 71,162 |
| Promises to give receivable | 542,500 | 600,000 |
| Prepaid expenses | 476 | 1,051 |
| Current portion of loans receivable (net of allowance) | 477,485 | 416,186 |
| Total Current Assets | 2,460,936 | 2,130,634 |
| Property and Equipment | | |
| Land | 54,100 | 54,100 |
| Building | 230,719 | 230,719 |
| Furniture, equipment and software | 40,119 | 40,119 |
| Less accumulated depreciation | (45,743) | (42,435) |
| Net Property and Equipment | 286,370 | 282,503 |
| Other Assets | | |
| Long-Term Loans receivable, net | 3,496,666 | 2,526,481 |
| Total Assets | 6,243,972 | 4,939,618 |
| LIABILITIES | | |
| Current Liabilities | | |
| Current Portion Long Term Debt | 500,000 | 500,000 |
| Accounts payable | 26,242 | 45,917 |
| Accrued expenses | 79,780 | 69,860 |
| Total Current Liabilities | 606,022 | 615,777 |
| Long-Term Liabilities | | |
| Long-Term debt | 3,278,586 | 2,751,117 |
| Total Liabilities | 3,884,608 | 3,366,894 |
| NET ASSETS | | |
| Unrestricted Net Assets | | |
| Board Designated Net Assets | 1,447,126 | 609,566 |
| Temporarily Restricted Net Assets | | |
| Time restricted | 265,000 | 25,000 |
| Use Restricted | 647,238 | 938,158 |
| Total Net Assets | 2,359,364 | 1,572,724 |
| Total Liabilities and Net Assets | 6,243,972 | 4,939,618 |

MCCD TOTAL ASSETS, 2001-2014

(IN \$1,000S)



ORDINARY INCOME/EXPENSE, 2014

Income

Contributed Support

| | |
|----------------------------------|------------------|
| Asset Released from Restriction | 1,065,403 |
| Corporate/business grants | 67,800 |
| Foundation/trust grants | 288,000 |
| Total Contributed Support | 1,421,203 |

Program Revenue

| | |
|----------------------------------|----------------|
| Agency (government) contract/fee | 522,736 |
| Investment and Loan Income | 262,226 |
| Other Program Revenue | 13,625 |
| Total Program Revenues | 798,587 |

| | |
|---------------------|------------------|
| Total Income | 2,219,790 |
|---------------------|------------------|

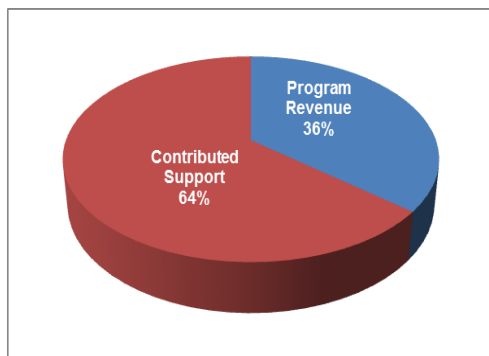
Expense

| | |
|--------------------------|---------|
| Open to Business Program | 999,362 |
| Housing/Member Services | 89,720 |
| Public Policy/Advocacy | 167,252 |
| General & Administrative | 106,194 |
| Fund Development | 19,701 |

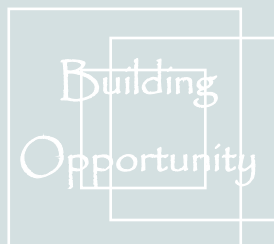
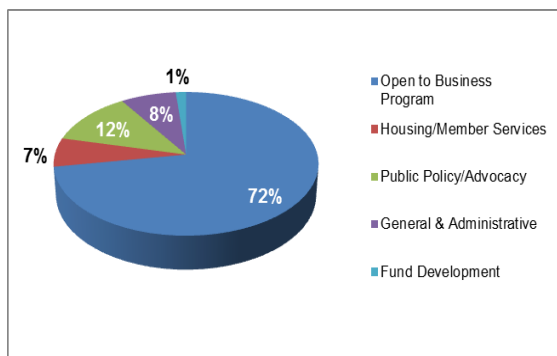
| | |
|----------------------|------------------|
| Total Expense | 1,382,229 |
|----------------------|------------------|

| | |
|-------------------|----------------|
| Net Income | 837,561 |
|-------------------|----------------|

SOURCES OF INCOME



CATEGORIES OF EXPENSE





**Metropolitan Consortium
of Community Developers**

3137 Chicago Avenue
Minneapolis, MN 55407

612-789-7337
www.mccdmn.org
www.opentobusinessmn.org

