

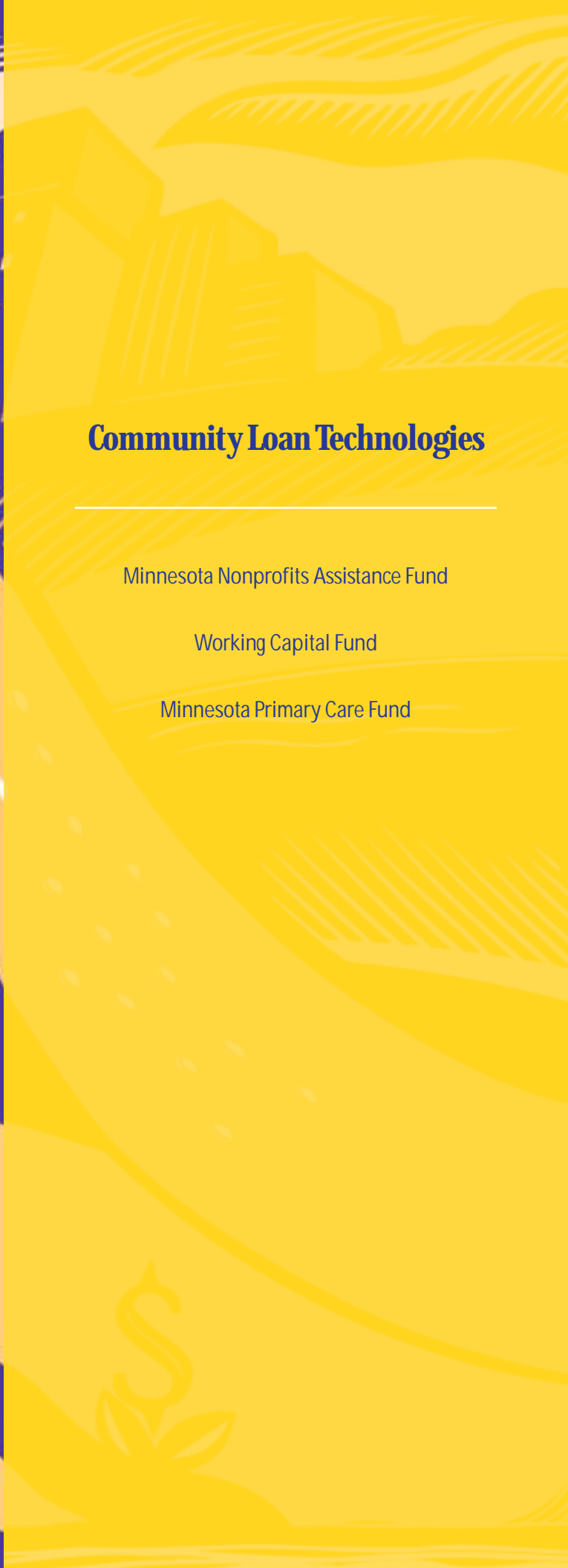


Community Loan Technologies

Minnesota Nonprofits Assistance Fund

Working Capital Fund

Minnesota Primary Care Fund



Who Are We?

Nonprofit organizations are an essential element of our community infrastructure, weaving the economic and cultural fabric of our community. The health and stability of these nonprofits is important for the sake of our cities, towns and neighborhoods. Community Loan Technologies (CLT) is a nonprofit umbrella organization of loan fund programs with the mission of fostering community development and vitality by building financially healthy nonprofit organizations.

For more than 20 years, CLT's flagship program, the Minnesota Nonprofits Assistance Fund (MNAF),

has worked to strengthen and build the financial capacity of Minnesota nonprofits to achieve their missions. MNAF has provided \$39 million in loans to over 1350 organizations throughout the state – ranging from daycare centers to dance companies. Technical assistance helps organizations assess their financial situation and put financial management tools to work. Training workshops give nonprofit managers and board members access to practical, concrete financial management knowledge and skills.

CLT also administers two specialized funds. The Working Capital Fund is a national program designed to strengthen leading culturally-specific arts organizations by providing consulting, training, investments and loans. The Minnesota Primary Care Fund provides financing tailored to the needs of primary care providers to help address the unmet health care needs of Minnesota's rural and underserved urban communities.

Community Loan Technologies is a nonprofit Community Development Financial Institution (CDFI) and a supporting organization of The Minneapolis Foundation.



Loans to Nonprofits

Our Work in Action: The Family Place

Most of us take for granted that our kids have a place to catch the bus to school in the morning or to come home to at the end of the day. But without such permanence, homeless families scramble to manage a daily routine and keep kids in school. Margaret Lovejoy knew that homeless families needed much more than a place to sleep. Kids need a safe, stable place to be before and after school, families need a place to share dinner and get help finding shelter and other services. Yet other day service programs in the area were designed to meet the needs of adults without children. Recognizing this critical gap, Lovejoy set out to create the Family Place. When she found a location at Central Park Methodist Church in St. Paul and was awarded a Ramsey County contract, everything seemed to be coming together. Then she found that without funding to cover start-up costs, the project couldn't move forward and the county wouldn't release its funds. Minnesota Nonprofits Assistance Fund was able to make a bridge loan to cover the early expenses until the program could open its doors and the county funds would be available. The Family Place opened Thanksgiving week 2001 and today continues to provide a safe and secure environment for families.



WHO DO WE MAKE LOANS TO?

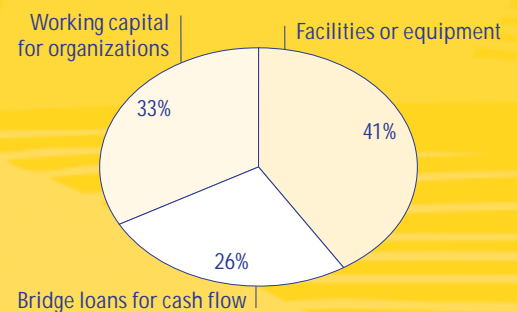
Loans approved during the year by field of service

Health care	6	\$1,205,000
Human Services	10	411,750
Arts & Humanities	19	1,208,000
Education	5	260,000
Community Dev	7	1,075,000
Other	2	77,500
TOTAL	49	\$ 4,237,000

74% of loans are made to organizations that serve low and moderate income families and communities

WHAT ARE THE LOANS USED FOR?

Use of proceeds based on dollar amount



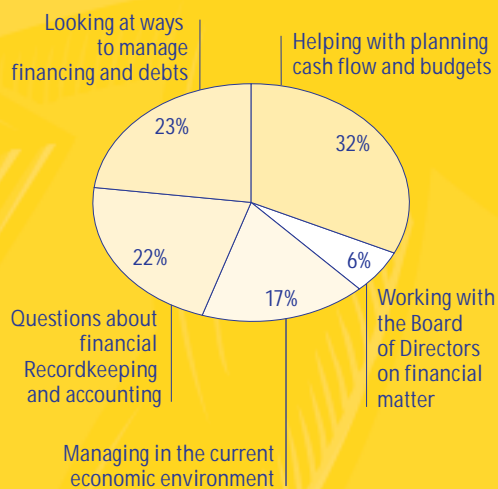
Financial Management Assistance

Our Work in Action: Great American History Theatre



HOW DO WE HELP NONPROFITS WITH FINANCIAL MANAGEMENT?

*During the year, 98 organizations received
280 hours of practical financial advice.*



After almost twenty years of creating and presenting plays about Minnesota, the Midwest and the diverse American experience, the Board of Directors of the Great American History Theatre felt that the organization had achieved stability and a sound financial base. There had been some tough years, but the most recent had been calm. The board started thinking about long term plans for the theater's facility and a possible capital campaign. Suddenly, they felt the rug pulled out from under them. Unexpected financial challenges arose, including a tripling in their rent, management turnover and mounting debt. The board stepped forward to take on the challenges. They brought in a new managing director and became deeply involved in a turnaround. Then they approached the Minnesota Nonprofits Assistance Fund for assistance. After assessing the capacity and commitment of the new management, MNAF was able to step in to provide a debt consolidation loan that eased the financial strains on the organization and gave management the time to undertake a financial turnaround. MNAF staff worked closely with the organization's management providing hours of technical assistance and training on cash flow and budget management. With the immediate crisis behind them, the theater was able to concentrate on their next season, including *Sisters of Swing*, one of the History Theatre's most popular shows.

Training

Our Work in Action: The Native American Community Clinic

Dr. Lydia Caros can converse as easily on the complex requirements of insurance payments, equipment leases, and employee benefit plans as she can on the risk factors of diabetes for the patients at the Native American Community Clinic in Minneapolis' Phillips neighborhood. But Dr. Caros would be the first to admit that she had a lot to learn just a year ago when she and her colleagues Drs. Krush and Banaszak set out to open the clinic. After serving the Native American community for many years, they understood the need for a community-based clinic that would provide culturally-sensitive primary care and clinical programs in diabetes self-management and prenatal care. Their years of clinical practice hadn't completely prepared them for the challenges of starting such an ambitious venture. They had to learn all aspects of running a nonprofit, from fundraising to billing and collection, from managing cash flow to financing equipment. Minnesota Nonprofits Assistance Fund training and assistance was an important step to making the dream become a reality. Before the clinic opened in February 2003, the clinic's director attended MNAF workshops on nonprofit financial management and met with staff to review the startup budget, cash flow projection and discuss billing and collections. Training and assistance services for established and new organizations are a part of our mission to build healthy nonprofits.



WHAT SKILLS DO NONPROFITS LEARN WITH WORKSHOPS?

27 workshops were offered with 613 participants.

- Practical budgeting strategies
- Reporting to the board
- Managing cash flow
- Understanding financial reports
- Internal control policies

Letter from the Board Chair and Executive Director

The challenges and uncertainties faced by nonprofit organizations during the past year intensified the demand for Community Loan Tech's various programs. The need for our services has never been more urgent as nonprofits modify budgets, increase attention to cash flow, and balance financial and programmatic demands. We felt this increased demand in all aspects of our programs and services.

Our loan funds for nonprofits continued to grow, with over \$4 million of loans approved during the year to a wide range of organizations. These loans leveraged an additional \$10 million in financing from other sources. An exciting development for us is over \$3 million of new capital funds and commitments from American Bank, the Otto Bremer Foundation, TCF Bank, US Bancorp, Wells Fargo Bank and Western Bank. These generous investments will yield greater access to credit for nonprofits throughout Minnesota.

The calls for training and financial management services for nonprofits skyrocketed this year. Minnesota Nonprofits Assistance Fund's popular and practical workshops were expanded to cover additional topics and offered in more metro and outstate locations. Over 600 nonprofit board and staff members attended training workshops and gained skills and tools to manage their organizations more effectively.

CLT also strives to offer valuable resources on nonprofit financial management in accessible formats with printed materials and through our web site. Our new articles series, *MNAF Financial Foundations*, addresses many essential topics in a practical, easy to use format. More tools and resources are in development and will be added to the web site and available at programs and workshops.

One of the strategic goals adopted by the Board of Directors in 2002 is to increase our activities and value to nonprofits throughout Minnesota. We have made important progress this year with the support and

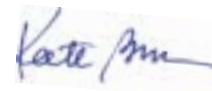
partnership of numerous local and regional nonprofits, foundations, economic development agencies and banks. We are grateful for their encouragement and collaboration.

The financial report on the following page notes an operating deficit for the year. The deficit was the result of the decisions made by the board during strategic planning in 2002 to wind down some programs so that we could focus on our unique value to the nonprofit community. There were expenses related to transferring or ending these programs that were funded with internal cash reserves. While CLT is working with many of the financial challenges faced by all nonprofits, our financial condition and future are healthy.

In the next year, we expect the demand for our services to remain high as nonprofits respond to ongoing financial issues. It is a difficult time for Minnesota's nonprofits, yet the energy and commitment remain strong. This is a time for all of us to reach out and communicate the vital role of nonprofits in all aspects of community life and the need to invest in the long term health of organizations. CLT's board and staff are gratified to be a part of this work.



Jim Ryan
Board Chair



Kate Barr
Executive Director

Statement of Financial Position

March 31, 2003

	<i>Unrestricted</i>	<i>Temporarily restricted</i>	<i>Total 2003</i>
Assets			
Cash and cash equivalents	\$ 6,649,014	636,611	7,285,625
Loans receivable, net allowance	5,369,392		5,369,392
Other assets	128,933	600,402	729,335
Total assets	<u>\$12,147,339</u>	<u>1,237,013</u>	<u>13,384,352</u>
Liabilities and Net Assets			
Payables and deferred revenue	\$ 443,744	446,170	889,914
Notes payable	7,213,031		7,213,031
Other liabilities	550,402		550,402
Sub equity debt	2,624,449		2,624,449
Total liabilities	<u>10,831,626</u>	<u>446,170</u>	<u>11,277,796</u>
Net assets	<u>1,315,713</u>	<u>790,843</u>	<u>2,106,556</u>
Total liabilities and net assets	<u>\$12,147,339</u>	<u>1,237,013</u>	<u>13,384,352</u>

Statement of Activities

	<i>Unrestricted</i>	<i>Temporarily restricted</i>	<i>Total 2003</i>
Revenues:			
Gifts	\$ 960,214	50,000	1,010,214
Loan interest & investment income	592,835		592,835
Contributed & other revenue	239,727		239,727
Net assets released from restrictions	310,429	(310,429)	—
Total revenues	<u>2,103,205</u>	<u>(260,429)</u>	<u>1,842,776</u>
Expenses:			
Program expenses & grants	1,620,368		1,620,368
Interest expense	497,201		497,201
Management and general expenses	176,332		176,332
Total expenses	<u>2,293,901</u>	<u>—</u>	<u>2,293,901</u>
Change in net assets	<u>(190,696)</u>	<u>(260,429)</u>	<u>(451,125)</u>

From audited financial statements prepared by KPMG LLP. For the complete audited financial statements, contact Community Loan Technologies at (612)278-7180

Board of Directors

2003- 2004

Andrew S. Duff

President, US Bancorp Piper Jaffray, Inc.

Kathy Gaalswyk

President, The Intitative Foundation

Mary Gabler, Secretary/Treasurer

*Vice President – Community Development,
Wells Fargo Bank*

John Kostishack

Executive Director, Otto Bremer Foundation

John Lavander

President, Caliber Development Corp.

James R. Ryan, Chair

CEO, The Ryan Companies

Susan G. Weinberg

*Managing Director/Treasurer,
US Bancorp Piper Jaffray, Inc.*

Linda L. White, Vice-Chair

*Deputy Director, Dept. of Civil Rights,
City of Minneapolis*

Emmett D. Carson, President

President & CEO, The Minneapolis Foundation

Financial Partners

2003- 2004

American Bank

Calvert Foundation

CDFI Fund, US Department of the Treasury

The Ford Foundation

The McKnight Foundation

Minneapolis Community Development Agency

The Minneapolis Foundation

Nathan Cummings Foundation

Otto Bremer Foundation

The Robert Wood Johnson Foundation

State of Minnesota Department of Trade and
Economic Development

US Trust Company

Western Bank

Staff

Kate Barr, Executive Director

Kim Doverspike, Finance Manager

Sandra Hales, Office Administrator

Christina Jennings, Program & Training Manager

Janet Ogden-Brackett, Loan Officer



Community Loan Technologies
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of The Minneapolis Foundation

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