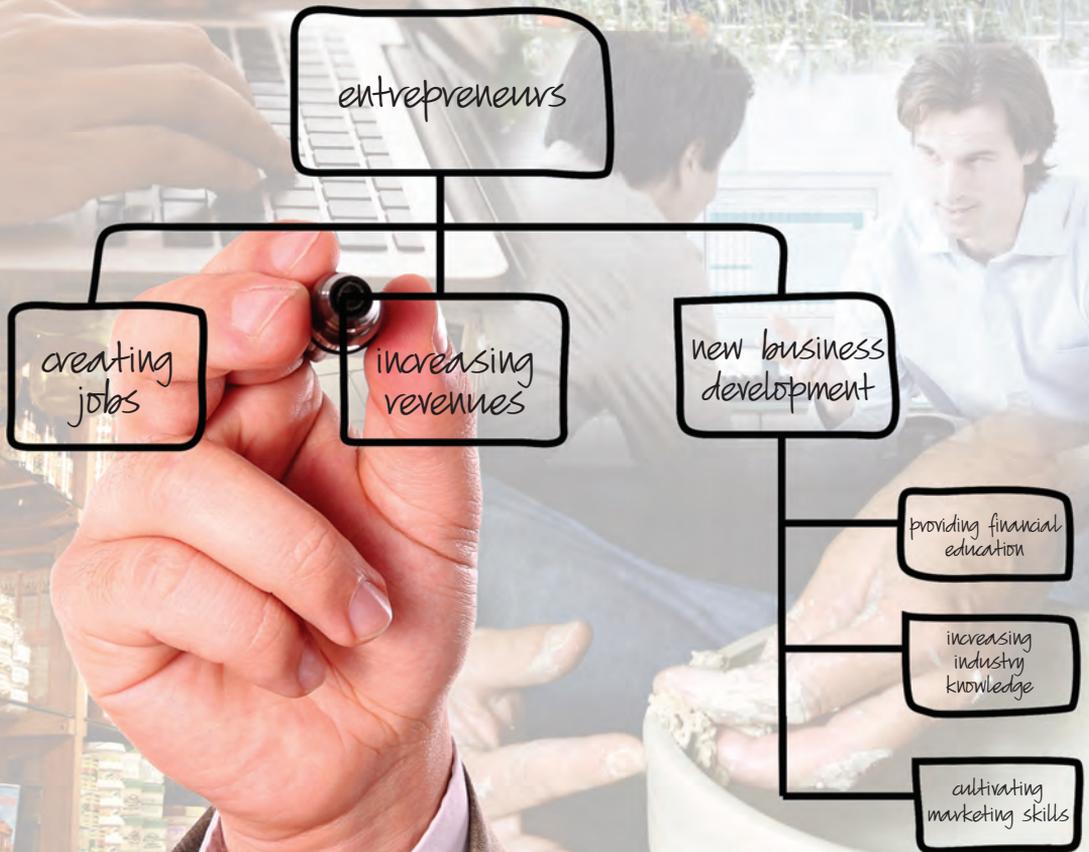


Northern Shores  
LOAN FUND, INC

# 2009 Annual Report

Strengthening Northern Michigan Communities  
through Small Business Lending





*photo courtesy of Blue Sky Photography*

# DWR 2009 Board

Sue Goddard, Tim LaCroix, Laura Blumberg, Pat Dyer-Deckrow, Alan Proctor. Missing: John Bott.

## Committees

**Executive Committee:** Laura Blumberg, Pat Dyer-Deckrow, Tim LaCroix, Lisa McComb, Alan Proctor

**Finance Committee:** Kent Bartell, Laura Blumberg, Carrie Carlson, Jon Shawa

**Loan Committee:** Laura Blumberg, Patrick Schmidt, David Woods

**Operations Committee:** Pat Dyer-Deckrow, Tim LaCroix

**Development Committee:** Ann Chastain, Chuck Schofield, Meredith Henry, Jackie Pilette, Alan Proctor

# Letter from the Chair

The goal of the Odawa community in 2000 was to create a Community Development Financial Institution (CDFI) which could provide micro-enterprise services such as lending and technical assistance to struggling business owners historically underserved throughout Northern Lower Michigan. After many years of dedication to this vision, Northern Shores Loan Fund, Inc. was born and in a very short time of operation has set the bar for other Native CDFI's throughout the country. This report highlights our first full year in operation; 2009.

A major milestone and accomplishment for Northern Shores Loan Fund, Inc. in 2009 was becoming the first Native American Community Development Financial Institution in Northern Lower Michigan to receive certification status by the Department of Treasury's Community Development Financial Institution Fund. This coveted certification, especially for such a young CDFI, opens the doors to larger capitalization opportunities which will allow us to make a large impact in Northern Michigan through increased lending and technical services to local native and nonnative entrepreneurs struggling to exist.

Northern Shores Loan Fund, Inc. assisted over 50 clients in its first year of operation; a testament to the need for its lending and development services. We continue to explore ways to meet the vast needs of local entrepreneurs and are developing business workshops in 2010 that will provide targeted business education and development to our Northern Michigan clients to help small businesses grow and succeed.

In recognizing our accomplishments thus far, it should be noted that we could not reach the level of success we have without contributions from many volunteers including members of the Northern Shores Loan Fund Board of Directors, Standing and Ad-Hoc Committees, staff and those in the communities we service who believe in our mission.

We are excited about the opportunities available through Northern Shores Loan Fund, Inc. to support local economic development with assistance to local businesses in expansion, generation of new business, and retention and hiring of staff, as we look forward to an exciting year ahead.



Sincerely,

**Laura Blumberg**  
Chair

# Letter from the ED

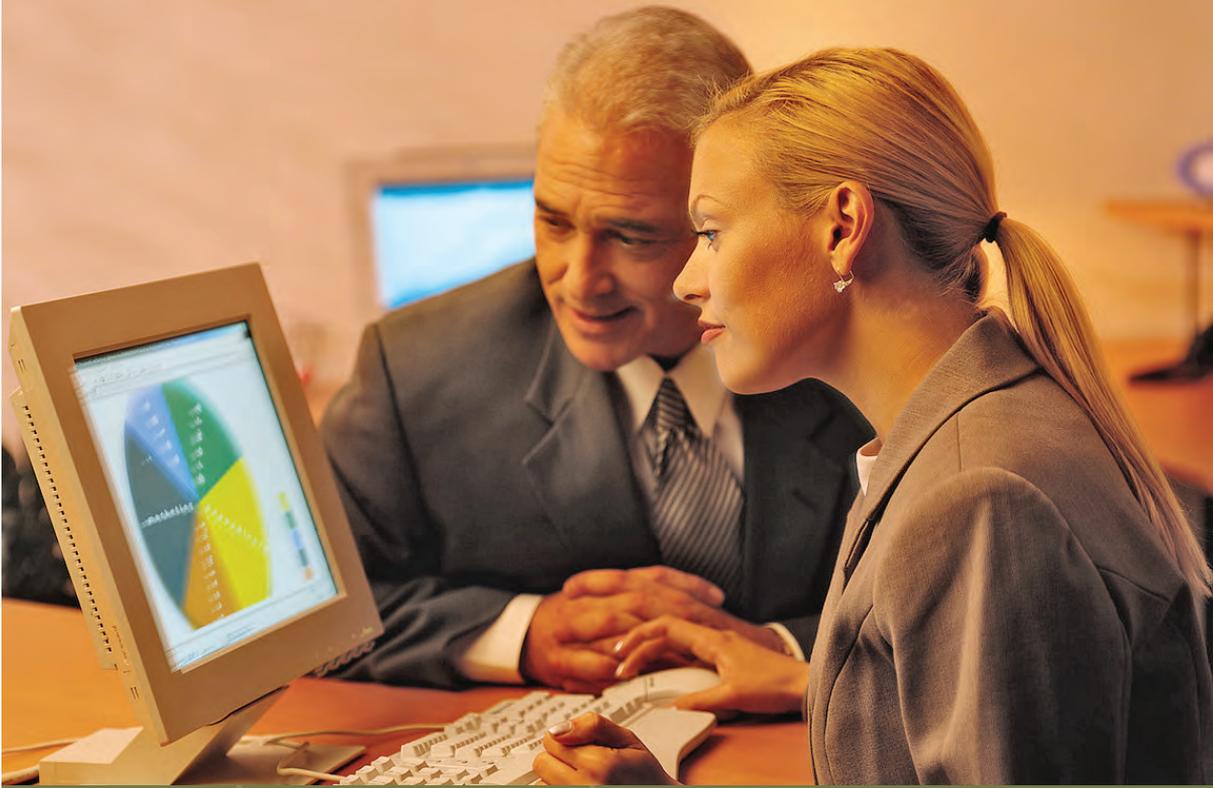
As anticipated, 2009 was a year of significant operational milestones in Northern Shores Loan Fund Inc.'s development. Our first full year of operation can be best summarized in the word "growth".

We grew our location to include additional office space; we grew our staff to include an additional full time Administrative Assistant/Bookkeeper; we grew our identity to include our new logo on a new website, exterior signage, brochures and flyers; we grew our leadership through expansion of the Board from five members to seven, welcoming two new members; we diversified our committee structure to include an ad hoc Development Committee to focus on strategic capitalization and saw a growth in new committee activity and membership; we grew our lending portfolio from a vision to reality by beginning to assist tribal and nontribal entrepreneurs financially throughout Northern Michigan; we grew our development services by offering in-house, one-on-one consultations as well as expanded our technical assistance partner network to offer business and industry-specific information; we grew awareness of our nonprofit unconventional microenterprise loan fund through increased outreach through speaking engagements to local peer groups, referral partners, and tribal organizations; we grew our funding through receipt of a Native American CDFI Assistance (NACA) Community Development Financial Institution (CDFI) Technical Assistant (TA) grant award through the Department of Treasury for operational assistance; and we grew in stature through the designation of being the first Native CDFI Fund in Northern Lower Michigan to receive CDFI certification – a year in advance of our goal and extremely early for a young CDFI.

It was a busy year to say the least. We predict 2010 will be even busier with the potential for additional larger public and private capitalization awards to funnel into deserving Northern Michigan entrepreneurs in an attempt to assist with job creation, retention and business growth that can only benefit all of us living and working here!



Sincerely,  
**Lisa McComb**  
Executive Director



## Mission:

Northern Shores Loan Fund, Inc., a nonprofit corporation, assists entrepreneurs of Northern Michigan with training, business incubation, and access to capital that fosters economic development for the Northern Michigan community.

## Statement of Purpose:

The Corporation was formed for charitable and educational purposes to promote economic and social development for the Little Traverse Bay Bands of Odawa Indians (LTBB). This will include training, technical assistance, business incubation and a loan fund for potential and existing entrepreneurs who may or may not be tribal citizens of LTBB.

# Statement of Financial Position

AS OF DECEMBER 31, 2009

ASSETS		
<b>Cash</b>		
Lending		68,248.56
Operating		
Unrestricted		10,930.04
Temporarily Restricted Grant Awards		289,554.89
Total Cash		\$ 368,733.49
<b>Other Assets</b>		
Loans Receivable	\$	34,775.57
Loan Loss Reserve		(3,331.20)
Security Deposit		325.00
Furniture & Equipment (less accumulated depreciation)		4,097.69
Software (less accumulated amortization)		16,545.83
Total Other Assets	\$	52,412.89
<b>TOTAL ASSETS</b>		<b>\$ 421,146.38</b>
	<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>		
Payroll Related Liability	\$	2,926.51
Deferred Grant Revenue	\$	286,371.20
Total Other Liabilities	\$	289,297.71
<b>Net Assets</b>		
Undesignated Net Assets	\$	1,077.72
Designated Net Assets		130,770.95
Total Net Assets	\$	131,848.67
<b>TOTAL NET ASSETS &amp; LIABILITIES</b>		<b>\$ 421,146.38</b>

The financial information presented is a summary of the 2009 financial statements, which were reviewed by Smolinski & Christman, P.C. This presentation is not intended to be a complete financial statement in accordance with generally accepted accounting principles.

valued Donors

In-kind

BLUE SKY PHOTOGRAPHY  
QUATTRUCCI & COMPANY

Grantors



CDFI FUND



LITTLE TRAVERSE BAY BANDS  
OF ODAWA INDIANS

# Growth and Outreach

## NEW STAFF!

Northern Shores Loan Fund, Inc. welcomed Theresa Will as the New Administrative Assistant/Bookkeeper in 2009. Theresa's extensive accounting expertise as well as her local small business ownership knowledge are assets that will continue to assist NSLF in moving forward with providing qualified developmental and lending assistance to local entrepreneurs.



## COMMUNITY INVOLVEMENT

Northern Shores Loan Fund, Inc. expanded its outreach efforts in 2009 to include participation in the following events: First Annual NSLF Founders Day Celebration, LTBB Annual Pow-Wow, LTBB Community Meeting, speaking engagements at the Entrepreneur Club of Emmet County, local Small Business Technical and Development Resource Center openings, and Entrepreneurship classes in conjunction with North Central Michigan College and the Waganakising Odawa Career and Technical Education Program, in addition to peer meetings with local conventional lenders.



# Success Stories



## Rosetta's Cottage Interiors

"Northern Shores Loan Fund made it possible for me to take my 25 years of experience designing and creating original items at an individual level to the next level on a larger scale and to fulfill my dream of owning my own business," Kaye Zitka said. "I couldn't have done this without them."

## Trillium, A Complete Salon



When asked why Ruth Krauss approached Northern Shores Loan Fund, Inc. for her funding needs for expansion into Aveda, Ruth said, "I wanted to work with a community lender who supports small businesses in Northern Michigan that I could develop a close relationship with and continue to turn to for support as I grow and expand."

## Tannery Creek Market



"In these challenging times, it is reassuring to know there is a financial resource within our communities in Northern Michigan helping the small business owner exist, and grow. Without Northern Shores Loan Fund, Inc. we would not have been able to move forward and continue to meet our customer's needs" said Mary Jo Schultz.

# What is the CDFI?

While the term “community development financial institution” (CDFI) is relatively new, the concept itself dates back to the late 1800s when immigrants, prairie communities and African-American communities sought self-help credit solutions because traditional financial institutions ignored or abandoned them.

The current CDFI industry began taking shape in the late 1960s, early 1970s, created out of governmental efforts to address poverty alleviation and racial discrimination. The CDFIs expanded their funding sources to include private organizations, religious institutions and individuals.

Despite the increased diversity of funding sources, CDFIs grew slowly in the 1970s and 1980s. It wasn't until the 1990s that the CDFI industry expanded dramatically with the creation of the CDFI Fund, a government agency established by the Reigle Community Development and Regulatory Improvement Act of 1994 to use federal resources to invest in and build the capacity of CDFIs to serve low income people and communities lacking adequate access to affordable financial products and service. Since its inception, the Fund has made more than \$500 million in awards to loan funds, banks, credit unions, and community development venture capital funds. CDFI certification is a designation conferred by the CDFI Fund of the United States Department of Treasury, and is a requirement for accessing financial assistance awards from the CDFI Fund through the CDFI Program to support an organization's established community development financing programs. A certified CDFI is a specialized financial institution that works in market niches that are underserved by traditional financial institutions.



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