



ANNUAL REPORT 2014



Montana CDC's mission is to provide financing and consulting services that transform the lives of individuals and strengthen community prosperity.

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FRIENDS OF MONTANA CDC,

Every year, we are privileged to work with people who have the passion and drive to start and build successful businesses. In 2014, we provided over \$100 million in capital to more business owners, entrepreneurs, and community facilities than in any other year in our history. In this report, you'll hear some of those stories and see how, with a little support from Montana CDC, people are pursuing their dreams and enriching their communities.

Montana CDC also helped people secure permanent housing in 2014, by making our financing available to Resident Owned Communities (ROC). This financing product, which is provided in partnership with ROC USA and NeighborWorks Montana, allows residents of manufactured home communities to join together in a co-op and purchase the land underneath their homes. Owning the land provides housing stability and gives families the ability to make lasting improvements to their land. You'll read about one of these communities, River Acres, in this report.

Montana CDC also began the expansion of all of its products and services into Idaho in 2014. New Markets Tax Credit-enhanced financing was expanded to Idaho in 2012, and in late 2014, in response to requests for smaller loans and business assistance, we took our consulting and small business lending into Idaho as well. We are very excited to work in new communities and partner with Idaho businesses.

In the upcoming year, we will be exploring new products and partnerships that will allow flexible capital to be available to more people and places. Further expansion will take collaboration from many people, including our board, staff, donors, investors, and of course, the people in the communities we serve.

Thank you for your continued support.

Dave Glaser, Chief Executive Officer



TRANSFORM

the lives of individuals

WHITEFISH, MT

HEAVEN SCENT SOLUTIONS

Laura Blankenship was a single mother without a stable home or job when she started her housekeeping business in 2010. The steady income put a roof over her head, but the chemical-based cleaning products soon took a toll on her health. Like a true entrepreneur, she saw it as an opportunity to expand her business. With the help of a biochemist and a Montana CDC loan, Laura created her own line of green cleaning products. Today, Laura isn't just working to make ends meet—she's building a thriving business that gives her and her 8 employees the kind of security she could only dream about five years ago.



\$5.8MIL

In small business lending this year



SHELLEY, ID

GOLDEN VALLEY NATURAL

The Ball family started Golden Valley Natural, an organic jerky company, in Idaho Falls, Idaho, in 1968. In 2014, with strong sales, the Balls needed to upgrade their building and consolidate production. But the business’s rural location made the project too costly. With the help of a New Markets Tax Credit-enhanced loan, the Ball family built a new 203,000 square foot facility. The facility will create 200 new full-time, high-quality jobs with benefits for the people of Shelley and allow for future growth. This means a lot in a low-income community with a growing population of recent immigrants and others looking for a better life.



\$96.7MIL
Invested into distressed communities in Montana and Idaho using New Markets Tax Credits



GREAT FALLS, MT

MY VIOLA FLORAL STUDIO

Kari Johnson launched My Viola, a flower shop specializing in modern floral designs and offering floral arrangement classes for the community. Her business boomed, and she soon needed a larger space with a better layout to achieve her vision of a contemporary, downtown storefront. She found the right building, and her bank lent her the money to buy it, but she lacked collateral to borrow additional money for renovations. Utilizing the SBA's Community Advantage program, Montana CDC was able to lend her the money to transform her space and grow into the business she had always envisioned.



30 LOANS

Provided to small businesses in 2014



STRENGTHEN
community prosperity

HAVRE, MT

BULLHOOK COMMUNITY HEALTH CENTER

When people in Havre, Montana and surrounding areas needed no-cost or low-cost healthcare, they depended on the high-quality care at Bullhook Community Health Center. But increasing demands outpaced the small facility and, by 2014, the clinic consisted of a series of small, outdated buildings around town. Montana CDC worked with Bullhook to provide a New Markets Tax Credit-enhanced loan to finance a new, high-performing health center. Now people in Havre have one modern facility with medical, dental, and behavioral healthcare services as well as a high-tech lab and fully stocked pharmacy.



22 RURAL

Businesses financed in Montana and Idaho



BUTTE, MT

NORTHWESTERN ENERGY

Uptown Butte was once the heart of a prosperous mining town. The closing of the mines over the past twenty years left this historic area with vacant buildings, a decreasing population, and a federal superfund site. Northwestern Energy, however, remained an economic bright spot. As one of the town's largest employers, it helped maintain commerce in uptown Butte. When it outgrew its headquarters, the company turned to local economic development funds and New Markets Tax Credit-enhanced financing to build a new building on a vacant lot. In 2015, the new facility will open, keeping 200 employees in the heart of uptown.



Jobs created/retained (including New Markets Tax Credits, Revolving Loan Fund, and Consulting)

1099



MISSOULA, MT

RIVER ACRES

When River Acres, a manufactured home community, went up for sale, it could have meant the loss of their homes for Shannon Bellmer and 30 other Missoula families. In partnership with NeighborWorks Montana and ROC USA, Montana CDC pledged grant assistance and debt financing to help the residents purchase the land under their homes. Today Shannon is not only a resident of River Acres, she's also an owner in the newly formed resident co-op, which includes her mother and father, her best friend, and her brother.



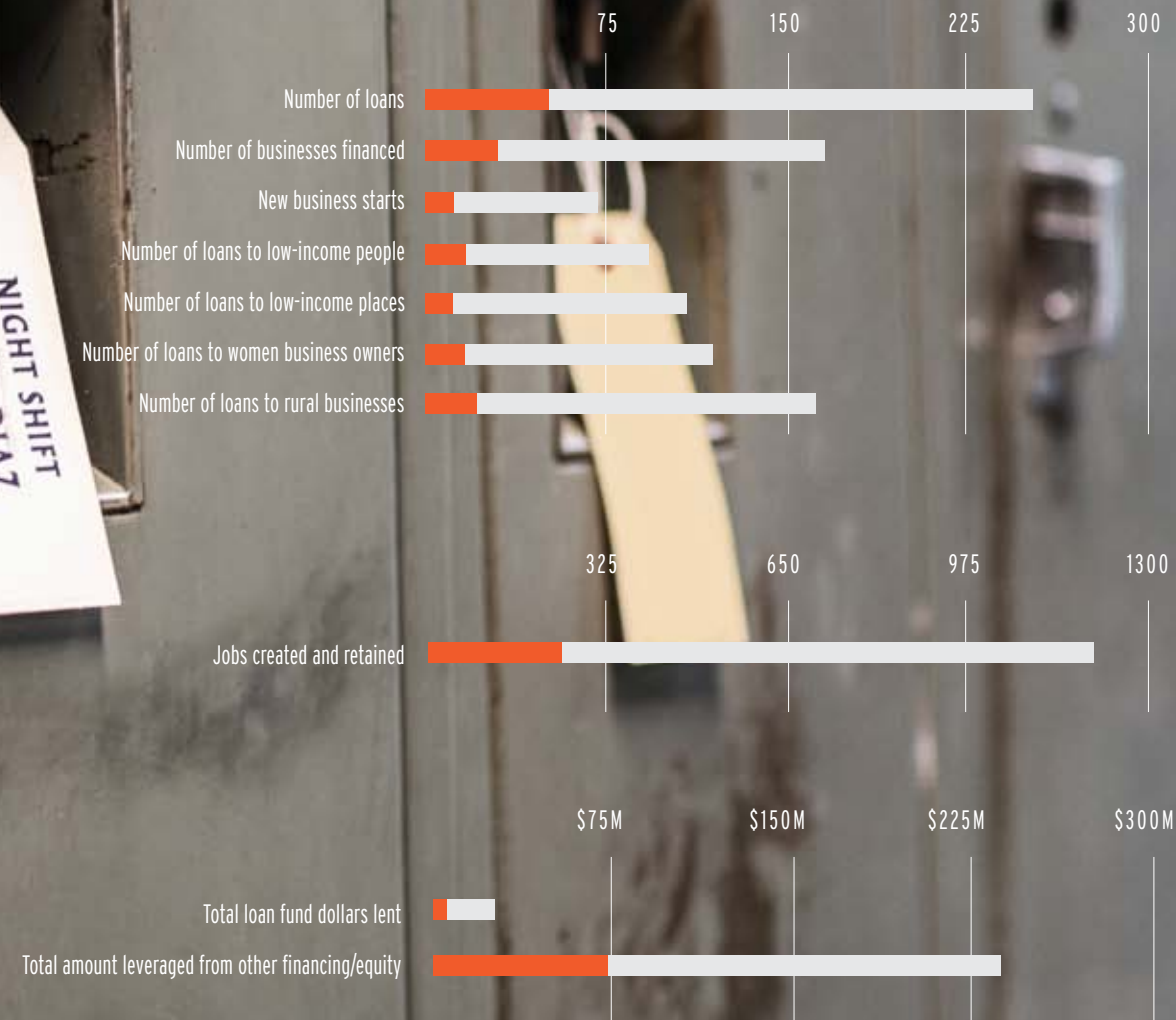
2014 IMPACTS

1ST LOAN

To a Resident-Owned Community

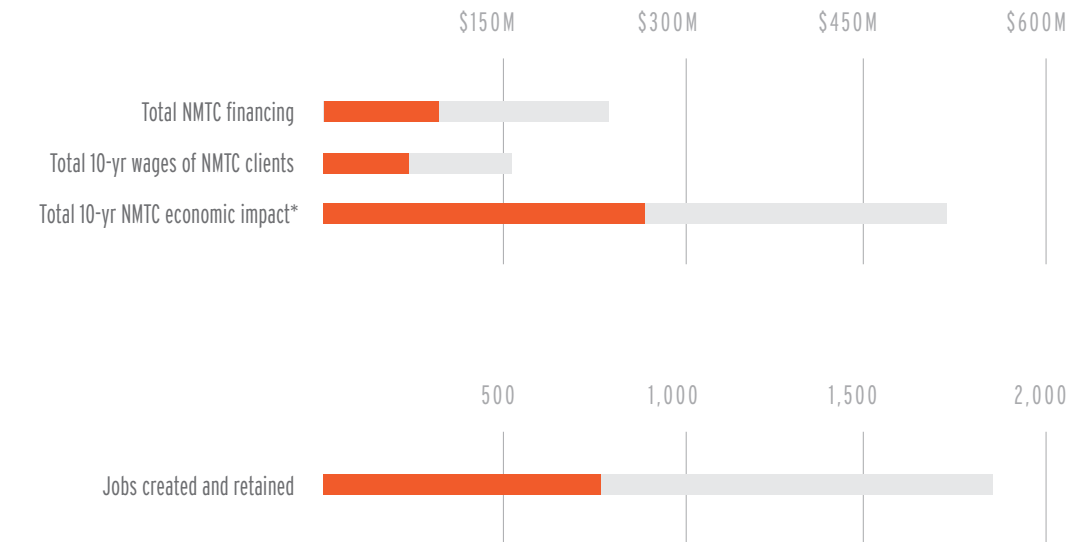
REVOLVING LOAN FUND IMPACTS

■ 2014 ■ 5-YEAR AGGREGATE



NEW MARKETS TAX CREDIT IMPACTS

■ 2014 ■ 5-YEAR AGGREGATE

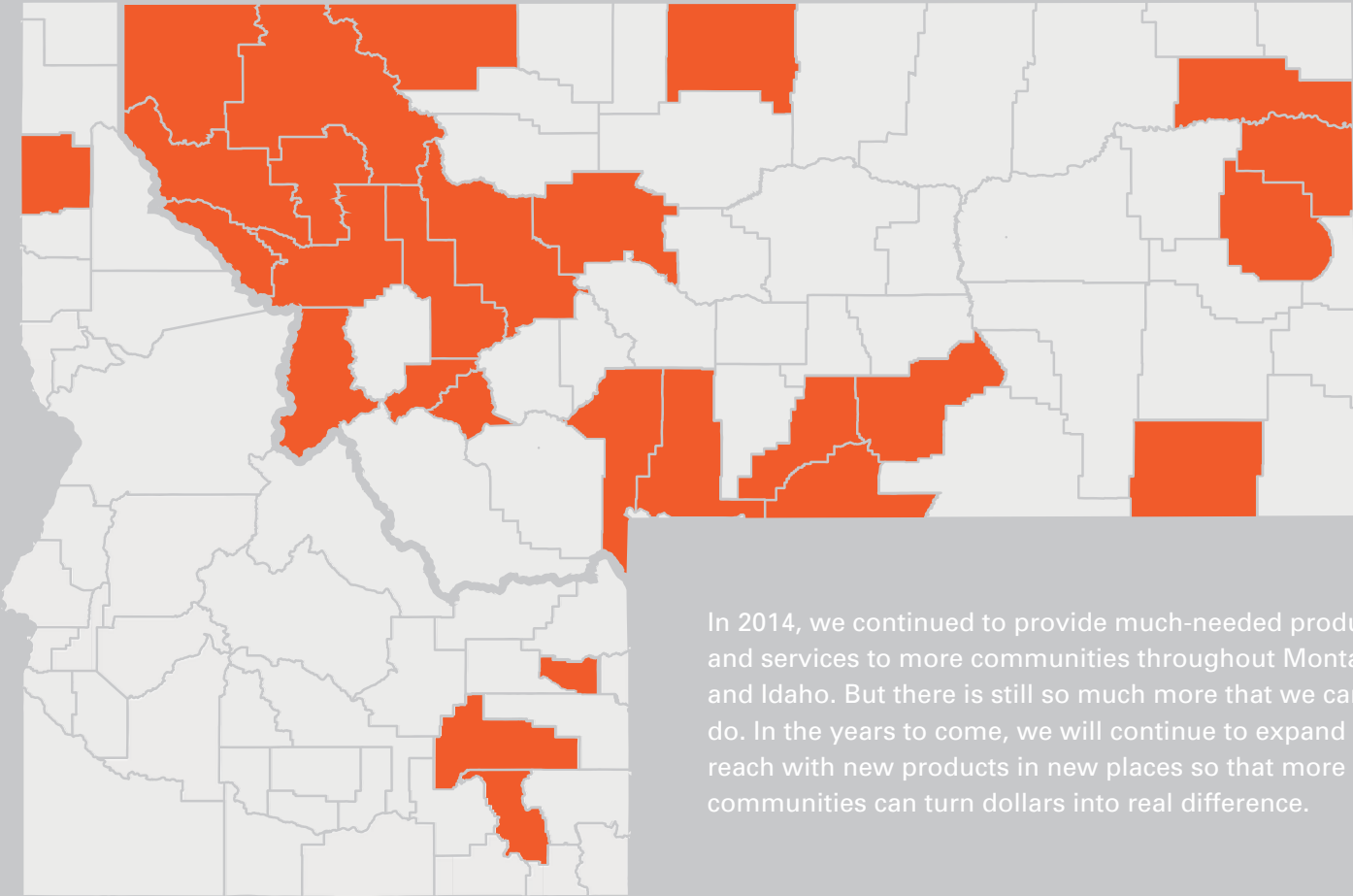


**Includes direct and indirect figures*

Total amount leveraged from other financing/equity

\$73 MIL

COMMUNITIES WITH LOANS AND NMTC PROJECTS IN THE LAST 5 YEARS



In 2014, we continued to provide much-needed products and services to more communities throughout Montana and Idaho. But there is still so much more that we can do. In the years to come, we will continue to expand our reach with new products in new places so that more communities can turn dollars into real difference.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*

| ASSETS | | FY14 |
|--|--|---------------|
| CURRENT ASSETS | | |
| Cash and cash equivalents | | 14,907,605 |
| Receivables | | 291,270 |
| Loans receivable, net | | 2,063,054 |
| Other current assets | | 20,855 |
| Total current assets | | \$ 17,282,784 |
| NONCURRENT ASSETS | | |
| Investment in subsidiaries | | 25,790 |
| Loans receivable, net | | 14,010,882 |
| Property and Equipment, net | | 2,065,377 |
| Other noncurrent assets | | 35,000 |
| Total noncurrent assets | | \$ 16,137,049 |
| Total assets | | \$ 33,419,833 |
| LIABILITIES AND NET ASSETS | | FY14 |
| CURRENT LIABILITIES | | |
| Accounts payable and other accrued liabilities | | 1,042,002 |
| Current portion of long-term debt | | 600,600 |
| Total current liabilities | | \$ 1,642,602 |
| LONG-TERM LIABILITIES | | |
| Long-term debt, net of current portion | | 11,386,451 |
| Total liabilities | | \$ 13,029,053 |
| NET ASSETS | | |
| Unrestricted | | 16,367,178 |
| Temporarily restricted | | 2,705,442 |
| Permanently restricted | | 1,318,160 |
| Total net assets | | \$ 20,390,780 |
| Total liabilities and net assets | | \$ 33,419,833 |

STATEMENT OF ACTIVITIES*

| SUPPORT AND REVENUES | | FY14 |
|---|--|--------------|
| Grants and contracts | | 4,610,623 |
| Revolving loan fund income | | 1,276,936 |
| NMTC fees | | 3,080,225 |
| Other | | 46,863 |
| Total support and revenues | | \$ 9,014,647 |
| EXPENSES | | |
| Program services | | |
| Business loans | | 1,673,990 |
| Business consulting | | 307,821 |
| Administration | | 1,298,549 |
| Total expenses | | \$ 3,280,360 |
| Change in net assets consolidated | | \$ 5,734,287 |
| Change in net assets attributable to Noncontrolling interests | | (5,381) |
| Total change in net assets | | \$ 5,728,906 |

* The Statement of Activities and Consolidated Financial Position presented as of December 31, 2014 were audited by CohnReznick LLP. These have been derived from the complete financial statements. They are available upon request from Rick Eneas, Controller, Montana CDC, 229 E. Main St. Missoula, MT 59802



LOAN FUND CONTRIBUTORS AND INVESTORS

Anonymous
Bruce and Nancy Bugbee
Calvert Social Investment Foundation
Charles Engelhard Foundation
Clients of Trillium Asset Management Corporation
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Economic Development Administration
First Interstate Bank
First Nation Oweesta Corporation
First Security Bank of Missoula
Goldman Sachs Foundation
Goldman Sachs Urban Investment Group
Harry and Cindy Poett
High Stakes Foundation
Marian Coulter
Montana Board of Investments
Montana Department of Commerce/Microfinance Program
Montana State Small Business Credit Initiative
Nicole Hagerman Miller
Opportunity Finance Network
Sandra Roe and the late John Roe
Sisters of St. Dominic
Starbucks/OFN Create Jobs for USA
Starbucks/OFN Vote.Give.Grow
Susan Fenton Kubiak and Mark Kubiak
The Dennis and Phyllis Washington Foundation
The Domestic and Foreign Missionary Society
of the Protestant Episcopal Church
Tim and Stephanie Christensen
Tom and Mary McMakin
US Administration for Children and Families
- Community Economic Development Program
US Bancorp CDC

US Bank N.A.
US Small Business Administration Microloan Fund
US Treasury CDFI Fund
US Treasury Small Business Lending Fund
USDA Rural Development Intermediary Relending Program
USDA Rural Micro Assistance Program
Wayne Chamberlain and Betsy Grimley
Wells Fargo Bank N.A.

MONTANA CDC MISSION CONTRIBUTORS

Bank of America
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Farmers State Bank
First Interstate Bank
First Security Bank of Missoula
Goldman Sachs Foundation
Hearst Foundation
Montana Business Development Center
MJ Murdock Charitable Trust
Montana Department of Commerce SBDC Program
- Small Business Administration
Montana Department of Labor Incumbent Worker Training
Montana Procurement Technical Assistance Center (PTAC)
- US Department of Defense
Nick and Mary Babson
Northwest Area Foundation
Stockman Bank
Stranahan Foundation
US Administration for Children and Families
- Community Economic Development Program
US Bank Foundation
US Bank N.A.
US Small Business Administration

US Treasury CDFI Fund
USDA Rural Micro Assistance Program
Wells Fargo Bank N.A.
Wells Fargo NEXT Award for Opportunity Finance Network

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Jessica Zieg, *Office Manager*

PHOTOGRAPHY

Erika Peterman (www.erikapeterman.com)
Todd Klassy (www.toddklassy.com)
photos of Bullhook Community Health Center
Banik Communications (www.banik.com)
photos of My Viola Floral Studio

DESIGN

Six Pony Hitch (sixponyhitch.com)



Jobs created and/or retained with New Market Tax Credit financing

770



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