

URBAN INITIATIVE BOARD

Report to the
Minnesota
Legislature
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Report to the Minnesota Legislature, 2002

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URBAN INITIATIVE BOARD

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Minnesota Statutes 116M.17, subd. 4, requires the Urban Initiative Board to “. . . submit an annual report to the legislature of an accounting of loans made . . . including information on loans to minority business enterprises, the impact on low-income areas, and recommendations concerning minority business development . . .”. The Department of Trade and Economic Development provides administrative support to the Board and this program.

An eleven-member Board oversees this program, consisting of three state agency leaders or their designees, and eight public members appointed by the Governor. In 2002, this board was composed of the following members:

Rebecca Yanisch (Chair), Commissioner, Dept. of Trade & Economic Development
Beverly Kontola, Department of Economic Security (Designee)
Carol Kummer, Metropolitan Council (Designee)
Richard Antell, MN American Indian Chamber of Commerce
Rebecca DeMers, Abel Electrical Contractors
C. Ting Insixiangmay, Council for Asian-Pacific Minnesotans
Linda O'Connell, Barlow Research Associates
Fred Perez, Digit Imaging
Hussein Samatar, Wells Fargo Banks
Georgina Stephens, Alexander Business Strategies

Urban Initiative Loan Program

The Urban Initiative Program was created in 1993 to strengthen minority enterprise development, encourage private investment, create jobs for people of color and low-income persons, and promote economic development in Minneapolis, St. Paul, and eight inner-ring suburbs (Columbia Heights, Hilltop, Hopkins, Lauderdale, Mendota, South St. Paul, St. Anthony, and West St. Paul). It does this primarily by making loans to new and expanding businesses in these cities.

Urban Initiative loans are made through a network of certified nonprofit organizations (see **Appendix 1** for a current listing). These organizations received grants, which they match equally, using funds from private, non-government sources. These pools of state and private funds are used by the nonprofit organization to make loans from \$10,000 to \$300,000. The businesses eligible for these loans include technologically innovative industries, value-added manufacturing, and information industries. Micro enterprises, which generally employ less than five people, are also eligible for loans from \$1,000 to \$10,000. These micro enterprises can include retail businesses.

Individuals and businesses operating in one of ten cities targeted by statute, apply directly with one of the organizations noted above. The organizations carefully consider the application, the nature of the business and management, its potential for success and repayment, and its projected

impact on the community. If the application is given initial approval, it is forwarded to the Commissioner of DTED for final consideration.

Lending Activities in 2002

Lending Activity. During fiscal year 2002, the Department approved loan applications from 30 separate businesses, totaling \$580,631. The average total loan is \$36,337. The state contributed an average of \$19,354 to each loan, ranging from \$125,000 to \$2,500. The median amount of state funds was \$10,000. These loans helped to leverage slightly under \$2.2 million in additional investment. **Table 1** shows the distribution of the state's investment by type of business, and their projected job creation.

Table 1. FY 2002 Urban Initiative Projects

<i>Business Sector</i>	<i>No. of Projects</i>	<i>State Investment</i>	<i>Total loan</i>	<i>Project Cost</i>	<i>Projected Jobs</i>	<i>Average Wages</i>
<i>Agriculture</i>	0					
<i>Construction</i>	0					
<i>Manufacturing</i>	6	\$126,500	\$181,500	\$707,000	29	\$12.54
<i>Transport/Comm.</i>	1	\$125,000	\$250,000	\$250,000	17	\$11.30
<i>Wholesale</i>	0					
<i>Retail</i>	14	\$112,000	\$266,500	\$699,161	26	\$8.59
<i>Financial Service</i>	0					
<i>Service</i>	9	\$217,131	\$392,131	\$1,080,631	150	\$12.99
Total	30	\$580,631	\$1,090,131	\$2,736,792	222	\$12.29

As you can see, the borrowers projected that their businesses would create a total of 222 jobs paying an average wage of \$12.29 per hour.

The single project in the Transportation and Communications sector is Latino Communications Network, a two-year-old publishing and communications company focused on the Hispanic communities in the Midwest. One of the loans made to MEXAM, Inc., a furniture reupholster, has been repaid so the jobs it projected (a half-time position) are not included in the employment totals above. A third business, Pizza El Mariachi Loco, closed and moved to a new location. It is nevertheless repaying its Urban Initiative loan (\$7,500).

Minority business owners received 87% of the loans made through this program: African American owners received 8 loans; Asian American received 4; Hispanic/Latino owners received 13; and Arab American owners 1. Businesses owned by European Americans received a total of four loans.

A more detailed listing of businesses that received Urban Initiative loans in FY2002 is attached as **Appendix 2**.

Program Since 1995

Between January 1995 and June 30, 2002, the Urban Initiative Program has made 359 loans to 283 businesses. It has committed a total of \$6,772,753 in state funds, or \$18,865 per loan. The average total loan, including the private funds used to match the state's investment, is \$38,291. The Program has helped to generate an estimated \$33.3 million in total business investment. **Appendix 3** displays the annual amounts of funds disbursed and payments received by the Urban Initiative Program through June 30, 2002.

Cash Balance. Since the Program made its first loan, it has received a total of \$2,972,820 in principal repayments. In addition, it has received earnings from the investment of the original \$6 million appropriation of \$1,525,008. It has only received \$7,181 in interest repayments because the Board generally allows the participating organizations to retain repaid interest to cover a portion of their operating expenses. The cash fund balance of the Urban Initiative Fund as of June 30, 2002 was \$3,464,115, of which \$1,829,346 was committed to the participating organizations. The remaining \$1,634,769 is available for further allocation to existing or new organizations. Four of our current partners are making requests for a total of \$1 million before the 2002 fiscal year ends.

Business Sectors. The program has supported a wide variety of businesses. The **Table 2** below shows the distribution of the state's investment in these businesses using Standard Industrial Classifications codes.

Table 2. State Funds by Business Sector

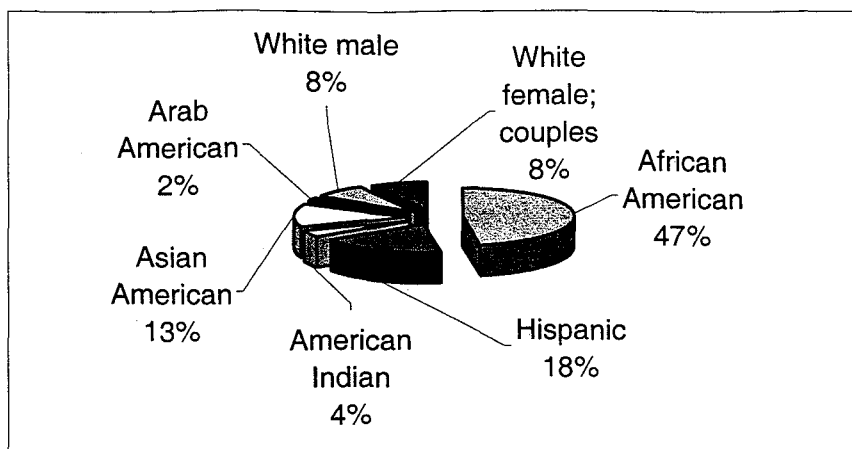
<i>Business Sectors</i>	<i>No. of Loans</i>	<i>Average State Investment</i>	<i>Total State Funds</i>
<i>Agriculture</i>	6	\$33,750.00	\$202,500.00
<i>Construction</i>	22	\$16,922.16	\$372,287.50
<i>Manufacturing</i>	59	\$29,290.83	\$1,728,159.00
<i>Transportation</i>	15	\$36,652.10	\$549,781.50
<i>Wholesale</i>	17	\$23,167.48	\$393,847.15
<i>Retail</i>	111	\$7,259.79	\$805,836.50
<i>Financial Services</i>	8	\$20,293.75	\$162,350.00
<i>Services</i>	121	\$21,128.16	\$2,556,507.36
<i>Total</i>	359	\$18,861.47	\$6,771,269.01

As you can see businesses in the service and retail sectors lead the way, while businesses in the agricultural service sectors have the fewest number of loans. On the other hand, businesses in the transportation and communications sectors received the largest average state investment, while retail businesses received the smallest.

Ownership. The Urban Initiative Program is intended to support the development of non-traditional entrepreneurs, especially minorities and women. The ownership of the businesses, which have received loans through the Program, reflects this focus. As of June 30, 2002, 84% of all Urban Initiative loans were made to businesses owned by people of color. African-

Americans have received a total of 171 loans, followed by Latino owners (63) and Asian-Americans (47). European-American males have received 28 loans or 8% of the total. **Figure 1** below provides a percentage breakdown.

Fig. 1. Percent of Loans by Racial Group



In terms of gender, 205 loans have been made to male-owned businesses, while female-owned businesses have received 112 loans. Businesses owned by two or more individuals, generally a married couple or family, have received 42 loans.

One hundred forty-four loans have been made to startup businesses, i.e., those operating less than one year, while 177 loans were made to companies expanding their operations. Forty-two loans have been made to retain a business operation. In these situations, loans were made to prevent the loss of jobs by the business closing down or moving its operations.

Employment. The Urban Initiative Program is also intended to support the creation of job opportunities in its targeted cities. **Table 3** below indicates the total number of jobs created with the support of the Program, excluding the owners of the businesses.

Table 3. Jobs Created by Industry Sector

Type of Business	Number of	State \$	Projected	Projected	Actual	Actual	State \$
	Loans	Invested	Jobs	Ave. Wages	Jobs	Ave. Wages	per Job
Service	52	\$1,443,856.00	294.5	\$12.27	366	\$13.42	\$3,944.96
FIRE	2	\$35,600.00	3	\$8.10	8	\$7.55	\$4,450.00
Retail	46	\$375,400.00	129.5	\$8.14	171	\$9.21	\$2,195.32
Wholesale	4	\$90,000.00	5.5	\$8.82	1	\$11.00	\$90,000.00
Trans/Comm.	3	\$223,500.00	21	\$11.05	9	\$13.00	\$24,833.33
Mfg.	20	\$814,000.00	155	\$11.01	116	\$12.85	\$7,017.24
Construction	8	\$145,000.00	15.5	\$23.00	13	\$19.89	\$11,153.85
Agriculture	5	\$197,500.00	49	\$12.31	30	\$12.17	\$6,583.33
Total/Average	140	\$3,324,856.00	673	\$11.34	714	\$12.34	\$4,656.66

The loans reported in Table 3 above are those the number that were “active” as of this report, i.e., businesses that are operating and currently repaying Urban Initiative loans. The job information does not include loans to businesses that have repaid their loans (113) or to businesses that have closed and/or defaulted on their loans (106). A business that repays its loan is not required to report their performance to the Department.

Overall, the average actual wages paid by these companies was \$12.34 per hour. As of June 2002, these “active” businesses had created 714 jobs, or one job for every \$4,656 of state funds invested. At the time these same businesses applied for a loan, they projected creating 673 jobs, paying an average of \$11.34 per hour.

Service and retail businesses actually created more jobs than they projected, while manufacturers and agriculturally related businesses created fewer. Financial services, wholesale, transportation and construction companies created very few jobs relative to the total. Construction (\$19.89) and service (\$13.42) companies reported paying the highest wages, although in the case of construction companies the number of jobs created was small. The average wages paid by retailers (\$8.43) and financial services (\$7.55) businesses were the lowest.

It is striking that the state investment per job created varies widely between sectors. Retail is the lowest (\$2,195) - partly because of the cap on state investment (\$25,000) - while the wholesale and transportation sectors received the highest (\$90,000 and \$24,833 respectively) amount of investment. The high number for the wholesale sector stems from the fact that only one business provided information about their job creation.

It is also striking how the reported jobs were distributed among these active businesses. As you can see in Table 4, a total of 34 businesses reported creating no jobs, while 29 businesses reported creating one to two jobs each. On the other hand, four businesses reported creating more than 21 jobs each, for a total of 258. Ten businesses, which reported the largest total number of jobs (381) were in service (5), retail (3), and manufacturing (2).

Table 4. Job Creation by Business

Number of Jobs Created	No. of Businesses Reported	Total Number of Jobs Reported
No jobs	34	0
1 to 2 jobs	29	41.5
3 to 5 jobs	22	75.5
6 to 10 jobs	16	115
11 to 20 jobs	15	224
+21 jobs each	4	258
No report	31	0
Total	151	714

Repayment. As of June 30, 2002, 113 loans to 96 businesses have been paid in full (\$1,735,976), representing 26% of the state's original investment. As noted above, principal repayments since 1995 total \$2,972,820.

On the other hand, loans to 42 businesses have been written off, for a total of \$713,944 — or 11% of the state's total contribution to the program. The average amount written off is \$12,980. Twelve loans made to five businesses represent 55% of the total amount, or \$389,374. If these twelve loans were removed from the portfolio, the percentage of loans funds lost would drop to 5%.

In addition to the loans that have been formally written off, 18 more loans totaling almost \$313,000, are tied up in the bankruptcy of by the Frogtown Action Alliance. As reported in 2000, the Frogtown Action Alliance (FAA) experienced significant financial problems. In addition, a for-profit business venture in which FAA had invested closed, which caused a substantial loss to FAA. As a result, Frogtown Action Alliance filed for bankruptcy and closed its offices.

The loans FAA made with Urban Initiative funds became part of the bankruptcy proceeding and have since been handled by the Trustee. The likelihood of any repayment is very remote, and these loans will most likely be written off when the Trustee finally concludes the case.

Generally, the business failures noted above could be attributed to a lack of market demand, competition from other businesses, and missteps by management, particularly involving the financial management of the business. In a number of cases, personal events contributed to the closures, including the death of two entrepreneurs, and severe illness in the case of three others.

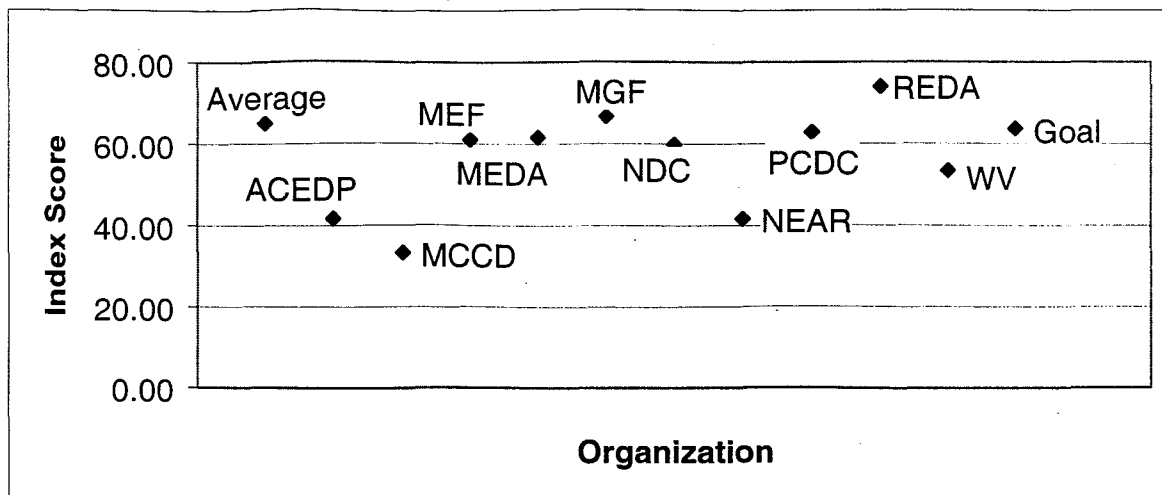
These losses should not be altogether surprising in light of the businesses that the Program supports. Most of the entrepreneurs participating in the Program have very limited experience in operating a business. Many are undercapitalized and have very little margins for error if problems occur.

Program administration

Index of Performance Measures. In an effort to more easily compare the performance of the participating nonprofit organizations, DTED has completed the development of an index, which measures ten performance criteria. This index was developed using the Program stake holder's input. Ten performance measures were identified and then ranked in terms of their importance. These measures include: percent of businesses served and owned by people of color; repayment rate; percent of portfolio charged off; business survival; number of jobs created; average wages paid; and business profitability. The performance index ranges from 1 to 100.

DTED, with input from the Urban Initiative Board members, has also identified an acceptable level of performance for each of the proposed measures. These "goals" have also been combined into one score, which will be used to compare the performance of each organization. (See **Figure 2** below and **Appendix 4**.)

Fig. 2. Performance Index



Based on the information collected, the participating organizations received the following index scores:

- Program Goal – 63.74. This is the score we hope each organization achieves or exceeds. This is the index score that results when the program’s ten performance goals were combined together.
- Program Average – 65.05. This is the index score that results when the actual performance of all the participating organizations are combined.
- Anoka County Economic Development Partnership – 41.68. This relatively low score is because information about business survival, business profitability, and loan repayment performance was not provided. Businesses financed by the ACEDP did pay the highest average wages among any of the organizations and double its target wages.
- Minneapolis Consortium of Community Developers (MCCD) – 33.19. This score is low in large part because information about business survival, business profitability, technical assistance expenditures, and loan repayment performance was not provided. During most of 2001, MCCD experienced a complete turnover in staff, which severely limited their ability to provide complete reports. This organization has had a loan loss significantly below the Program’s goal – 5.1% vs. 10%.
- Metropolitan Economic Development Association (MEDA) – 61.06. MEDA had superior performance in terms of job creation, communities served, state investment per jobs created, loan losses, and wages paid.
- Minneapolis Entrepreneur’s Fund (MEF) – 61.69. MEF exceeded the program’s goals in terms of business survival, business profitability, and repayment performance. The state investment per jobs created was higher than most other organizations and the program’s goal - \$5,000 per job.

- Milestone Growth Fund (MGF) – 66.66. MGF is the largest UI lender in terms of its average investment per loan - \$76,400 of state funds per loan. It exceeded the program's goals in terms of business survival, communities served, repayment performance and wages paid.
- Neighborhood Development Center (NDC) – 59.85. NDC is the most active UI lender, having made over 120 loans. It has superior performance in terms of job creation, communities served, technical assistance, state investment per jobs created. It had a high percentage of loan losses, but this was largely due to loans to two businesses.
- North End Area Revitalization (NEAR) – 41.63. NEAR 's score is low in large part because information about business survival, business profitability, technical assistance expenditures, and loan repayment performance was not provided. It also experienced staff shortages during the year, which severely limited its ability to provide complete reports. This has been addressed.
- Phillips Community Development Corporation (PCDC) – 62.73. PCDC exceeded the Program's goals in the areas of business survival, communities served and technical assistance. It was unable to provide information about business profitability because only one of their borrowers responded with this information.
- Riverview Economic Development Association (REDA) – 73.97. REDA has superior performance in business survival, loan repayment, loan loss, business profitability and wages paid. It has been a small volume lender and it had a high level of state investment compared with jobs created.
- WomenVenture (WV) – 53.46. WomenVenture exceeded the Program's goals in terms of communities served and loan repayment. On the other hand, its urban initiative loans generated few jobs, and as a result it had a high level of state investment compared with jobs created.

Reba Free Financing. At the request of the Department, in 2002, the Legislature approved amendments to the Urban Initiative statutes, which allow us to participate in alternative methods of business financing that avoids charging interest, i.e., Reba free financing. Islamic Law generally prohibits forms of financing which involve interest or usury (Reba), either directly or indirectly. As the number of Muslims continues to grow in the Twin Cities, many of these people who would like to start a business face a difficult dilemma if they seek business financing.

Conventional lending is based on interest, and for people who wish to practice their faith, a bank loan is simply not an option. Reba free financing provides for a return on a lender's investment. However, this financing is structured in such a way that all parties involved in the financial transaction share in the actual profit or loss of a venture. The lender does not receive a predetermined compensation such as interest.

Program Evaluation

In an effort to further evaluate the Urban Initiative Loan Program, the Department's Office of Information and Analysis surveyed businesses that had received loans. A two-page survey questionnaire gathered data on participant's business information, such as number of employees, average wage paid per hour, number of jobs created and percentage of minority employees, the extent to which the loans helped their business operation, and critical business issues.

The survey instrument was pre-tested with program staff and the surveys were mailed twice to all 228 participants on record along with one postcard reminder. After two mailings, non-respondents were phoned. Of the 228 surveys, there were 59 usable returns, representing a response rate of 25.9 percent. Copies of the entire report are available on request.

Based on an analysis of the responses, key findings are summarized as follows:

- Respondents rated their Urban Initiative loans very highly in terms of assisting their business operations. Almost all (98.3%) respondents said the loans were at least helpful. Slightly more than one half (50.8%) said the loans were extremely helpful to their business operation.
- The Urban Initiative Loan was used primarily as the initial capital for business operation. The majority (74.6%) of respondents reported that the loans they received provided initial capital that they would not have obtained otherwise. This assistance with start-up capital appeared to enable program participants to seek traditional financing through a bank or other financial institution, if necessary. The majority (65.5%) of respondents confirmed that they had obtained such ability.
- The vast majority (more than 80%) of respondents perceived that Urban Initiative Loans contributed to many important business results. These results include creating jobs for low-income people (94.6%), increasing sales (89.5%), improving productivity (86.5%), improving cash flow (92.1%), increasing profits (82.9%), and improving knowledge and skills for operating business (88.6%). More than 60 percent of respondents said these results occurred after they received Urban Initiative loans.
- Survey respondents indicated that the Urban Initiative Loan was not as effective in improving employee benefits. Only 38.7 percent said their employees' benefits were improved after receiving the loan. However, 61.1 percent of those who did credit the loan for contributing to improvements in benefits.
- In regard to creating jobs for people of color, the Urban Initiative loan also had some significant results. The majority of respondents said they filled jobs with people from minority communities (56.9%) and their number of minority employees increased (57.1%) after they received the Urban Initiative Loan. More than 80 percent of these respondents confirmed the loan's contribution to these business results. Further, from the data provided by respondents, the percentage of minority employees in respondents' business increased from 56.2 percent in the year they received the loan to 62.1 percent in 2002.

- Securing adequate capital was identified by 49.2 percent of the respondents as the number one issue currently facing their business, even though the majority of respondents said they could now obtain traditional financing if necessary. Other issues identified include: market analysis and planning (47.5%), introducing new products or services (37.3%), business planning (35.6%) and finding skilled workers (23.7%).
- Respondents identified marketing/advertising as their biggest problem they face in making their business successful (30.5 percent). The second and the third biggest problems were lack of capital and cash flow problems (13.6 percent and 10.2 percent respectively).
- The most important action that respondents could take to improve their business was to apply effective marketing/advertising techniques, confirmed by 25.4 percent of the respondents. Other important actions were to get more financing (18.6%) and to add more skilled employees (6.8%).

Summary

The Board and the Department will continue to monitor this program and welcome any comments or suggestions to increase its effectiveness. For more information on this report or the Urban Initiative Program, please call Bart Bevins at 651/297-1170.

Appendix 1
Urban Initiative Program Certified Partners
December 2002

Anoka County Econ. Dev. Partnership

Roger Jensen
Suite 300
199 Coon Rapids Blvd.
Coon Rapids MN 55433
763/786-0869

Metropolitan Econ. Development Assoc.

George Jacobson
Suite 106
250 South Second Ave.
Minneapolis MN 55401
612/332-6332

Milestone Growth Fund

Judy Romlin
Suite 1032
401 Second Ave. S.
Minneapolis MN 55401
612/338-0090

***Minneapolis Consortium
of Community Developers***

David Chapman
2308 Central Ave. N.E.
Minneapolis MN 55454-3710
612/789-7337

***Minnesota Indian Economic Development
Fund***

Micheal Moore
Suite 200
2380 Wycliff Street
St. Paul, MN 55114
651/917-0819

Neighborhood Development Center

Mara O'Neill
651 1/2 University Avenue
St. Paul MN 55104
651/291-2480

North End Area Revitalization

Andrew Pitcher
843 Rice Street
St. Paul MN 55117
651/488-1039

Phillips Community Development Corp.

Michou Kokodoko
Suite 205 1/2
1113 E. Franklin Avenue
Minneapolis MN 55404
612/871-2435

Riverview Economic Development Assn.

Doug Copeland
176 Concord Street
St. Paul MN 55107
651/222-3727

Women Venture

Gayle Mickey
2324 University Ave.
St. Paul MN 55104
651/646-3808

Appendix 2.
Urban Initiative Loans in FY 2002

Project Name	State Amount	Total Loan	Total Project	Location	SIC Code	Race *	Gender **	Start *** /Expand	No./Jobs Projected	Wages Projected	Organization
Barry Rogers & Company	\$35,000.00	\$70,000.00	\$70,000.00	Minneapolis	8721	1	1	2	2	\$15.00	MGF
Café Tatta Bunna	\$10,000.00	\$30,000.00	\$100,000.00	Minneapolis	5812	1	2	1	3	\$8.40	WV
Fandhal/Casablanca Pasta GDA, Inc.	\$10,000.00 \$5,000.00	\$50,000.00 \$10,000.00	\$72,000.00 \$20,000.00	Minneapolis	5812	1	1	1	3	\$7.50	MEF
HCP Temporary Staffing	\$37,500.00	\$75,000.00	\$150,000.00	Minneapolis	7361	1	1	2	na	na	MEDA
Innovative Chemical Corporation	\$37,500.00	\$75,000.00	\$150,000.00	Minneapolis	7361	1	1	2	129	\$11.50	MEDA
Roses are READ Productions	\$12,500.00	\$12,500.00	\$82,000.00	St. Paul	2841	1	1	2	4	\$9.00	MEDA
Samson Upholstery	\$8,250.00	\$16,500.00	\$16,500.00	Minneapolis	2731	1	2	2	1	\$10.00	WV
Café mi Pueblo	\$2,500.00	\$15,000.00	\$22,000.00	Minneapolis	7532	1	1	1	1	\$7.00	PCDC
El Leon Market	\$10,000.00	\$20,000.00	\$26,715.00	St. Paul	5812	2	1	1	2	\$7.00	NDC
El Zafiro	\$4,500.00	\$9,000.00	\$13,196.00	St. Paul	5411	2	1	1	1	\$8.00	NDC
La Poblanita	\$25,000.00	\$25,000.00	\$170,000.00	St. Paul	5944	2	1	1	na	na	NDC
Latino Communications Network	\$125,000.00	\$250,000.00	\$250,000.00	Minneapolis	2051	2	1	2	4	\$8.00	MCCD
Martha Burns Swimming School	\$4,250.00	\$8,500.00	\$17,000.00	Minneapolis	4899	2	3	2	17	\$11.30	MGF
Maximo Figueroa	\$7,500.00	\$15,000.00	\$40,250.00	Hopkins	7999	2	2	3	na	na	MEDA
MEXAM, Inc.	\$5,000.00	\$10,000.00	\$10,000.00	St. Paul	5944	2	1	1	0.5 ?		NDC
Novedades La Michoacana	\$5,000.00	\$10,000.00	\$20,000.00	Minneapolis	2522	2	1	3	PO		NDC
Pizza El Mariachi Loco	\$7,500.00	\$7,500.00	\$25,000.00	St. Paul	5651	2	2	1	1	\$11.00	NDC
Tortilleria La Perla	\$34,000.00	\$34,000.00	\$270,000.00	St. Paul	5812	2	1	1	BC/paying		REDA
Victor Hugo Jewelry	\$5,000.00	\$10,000.00	\$10,000.00	St. Paul	2051	2	3	2	4	\$7.40	NDC
West Side Hair Care	\$5,000.00	\$10,000.00	\$10,000.00	Minneapolis	5944	2	1	2	1	\$7.00	NDC
Plia's Hair Salon	\$7,131.00	\$7,131.00	\$197,131.00	St. Paul	7231	2	2	3	na	na	REDA
Sufficient Systems	\$30,000.00	\$30,000.00	\$280,000.00	St. Paul	7231	4	3	1	7	\$10.00	NEAR
The Tea Garden, Inc.	\$75,000.00	\$150,000.00	\$300,000.00	Minneapolis	7379	4	1	2	2	\$40.00	MEDA
X.P. Hmong Super Market	\$10,000.00	\$10,000.00	\$60,000.00	Minneapolis	5812	4	2	1	3	\$7.20	WV
Big E's Soul Food	\$10,000.00	\$20,000.00	\$75,000.00	Minneapolis	5411	4	3	1	0.5	\$7.00	NDC
Maryland Avenue Auto Sales	\$10,000.00	\$10,000.00	\$35,000.00	Minneapolis	5812	5	2	1	3	\$11.70	MEF
Profits Journal	\$10,000.00	\$30,000.00	\$170,000.00	St. Paul	5521	5	1	2	5	\$10.00	NEAR
Transbike Systems, Inc.	\$12,500.00	\$25,000.00	\$25,000.00	Columbia Heights	2721	5	1	2	16	\$16.00	ACEDP
Al-Medina Halal Food, Inc.	\$15,000.00	\$25,000.00	\$30,000.00	Columbia Heights	7389	5	2	1	9.5	\$30.00	ACEDP
	\$10,000.00	\$30,000.00	\$30,000.00	Minneapolis	5411	6	3	1	3	\$8.50	MEF

Race: 1=African American; 2=Hispanic;
 3=American Indian; 4=Asian American;
 5=European American; 6=Middle Eastern
 Gender: 1=male;2=female;3=multiple
 Start=1; Expand=2; Retain=3

BS=business sold
 BC=business closed
 wo= written off
 PO=paid off

Balance Sheet for the FYs Ended:	06/30/02	06/30/01	06/30/00	06/30/99	06/30/98	06/30/97	06/30/96	06/30/95
Assets								
Cash	3,464,115.44	3,323,293.72	3,059,121.36	3,602,793.17	4,120,831.54	4,583,071.15	5,355,557.79	5,865,000.00
Loans Receivable	3,480,855.04	3,833,768.70	3,943,509.46	3,248,131.45	2,543,853.30	1,958,760.60	893,129.08	135,000.00
Total Assets	6,944,970.48	7,157,062.42	7,002,630.82	6,850,924.62	6,664,684.84	6,541,831.75	6,248,686.87	6,000,000.00
Liabilities and Fund Balance								
Liabilities:								
Total Liabilities	-	-	-	-	-	-	-	-
Fund Balance:								
Reserved for Encumbrances	1,829,346.49	1,962,277.49	2,167,771.43	2,549,061.22	3,803,306.55	4,583,071.15	5,078,511.27	6,000,000.00
Unreserved Retained Earnings	5,115,623.99	5,194,784.93	4,834,859.39	4,301,863.40	2,861,378.29	1,958,760.60	1,170,175.60	-
Total Fund Balance	6,944,970.48	7,157,062.42	7,002,630.82	6,850,924.62	6,664,684.84	6,541,831.75	6,248,686.87	6,000,000.00
Total Liabilities and Fund Balance	6,944,970.48	7,157,062.42	7,002,630.82	6,850,924.62	6,664,684.84	6,541,831.75	6,248,686.87	6,000,000.00

Statement of Cash Flows:	Totals	06/30/02	2001	2000	1999	1998	1997	1996	1995
Operating Activities:									
Loan Repayments:									
Interest	7,181.55	935.04	2,892.02	(188.48)	1,504.95	-	-	2,038.02	-
Principal	2,972,820.54	673,452.57	858,004.92	532,548.49	387,754.21	267,507.30	251,130.63	2,422.42	-
Investment Interest	1,525,008.95	127,030.03	188,499.32	192,574.30	216,416.86	179,612.13	349,790.23	271,086.08	-
Operating Cash Inflows	4,505,011.04	801,417.64	1,049,396.26	724,934.31	605,676.02	447,119.43	600,920.86	275,546.52	-
Loans Issued	6,772,753.51	621,131.00	766,750.00	1,227,926.50	1,092,032.36	852,600.00	1,316,762.15	760,551.50	135,000.00
Grants	268,142.09	39,464.92	18,473.90	40,679.62	31,682.03	56,759.04	56,645.35	24,437.23	-
Operating Cash Outflows	7,040,895.60	660,595.92	785,223.90	1,268,606.12	1,123,714.39	909,359.04	1,373,407.50	784,988.73	135,000.00
Net Operating Cash Flows	(2,535,884.56)	140,821.72	264,172.36	(543,671.81)	(518,038.37)	(462,239.61)	(772,486.64)	(509,442.21)	(135,000.00)
Noncapital Financing:									
State Appropriations ¹	6,000,000.00								6,000,000.00
Net change in Cash	3,464,115.44	140,821.72	264,172.36	(543,671.81)	(518,038.37)	(462,239.61)	(772,486.64)	(509,442.21)	5,865,000.00
Beginning Cash Balance	-	3,323,293.72	3,059,121.36	3,602,793.17	4,120,831.54	4,583,071.15	5,355,557.79	5,865,000.00	-
Ending Cash Balance	<u>3,464,115.44</u>	<u>3,464,115.44</u>	<u>3,323,293.72</u>	<u>3,059,121.36</u>	<u>3,602,793.17</u>	<u>4,120,831.54</u>	<u>4,583,071.15</u>	<u>5,355,557.79</u>	<u>5,865,000.00</u>

¹ MN Laws of 1993, Chapter 369, Section 2, subdivision 2

Appendix 4.
UI Performance Index

Program Average	ACEDP	MCCD	MEDA	MEF	MGF	NDC	NEAR	PCDC	REDA	WV	Program Goal	
10.7 % of Target Jobs	91.2%	56.6%	75.6%	93.5%	98.1%	91.8%	147.0%	108.0%	98.4%	100.0%	42.9%	100.0%
10.7 Bus. Survival/3 yrs.	76.8%			54.5%	80.0%	82.0%	44.0%		88.2%	89.0%	100.0%	56.5%
10.62 % Community Served	84.0%	17.0%	62.0%	100.0%	78.6%	100.0%	91.8%	61.1%	100.0%	83.0%	62.5%	85.0%
10.1 Bus. Profitability	64.4%			56.0%	75.0%	50.0%				91.0%	50.0%	60.0%
10.02 Loan Loss	11.0%	22.1%	5.1%	6.8%	9.9%	8.6%	22.8%	0.9%	3.3%	4.8%	14.2%	10.0%
9.93 TA Provided	38.4%	47.1%		4.7%	20.0%	4.5%	69.5%		80.0%	42.8%		50.0%
9.59 State Invest/job	\$4,812.00	\$12,000.00	\$8,371.00	\$4,315.00	\$19,116.00	\$9,710.00	\$4,510.00	\$4,666.00	\$7,074.00	\$10,852.00	\$26,167.00	\$5,000.00
9.59 % State Investment	10.0%	11.2%	7.8%	4.0%	17.9%	9.1%	4.2%	4.4%	6.6%	10.2%	24.5%	10.0%
9.59 Repayment	72.3%			70.7%	69.0%	81.8%	44.0%		40.7%	100.0%	100.0%	70.0%
9.5 Funds Disbursed	9.8%	10.0%	12.0%	11.8%	10.3%	11.6%	7.4%	12.4%	9.3%	4.9%	8.0%	20.0%
9.25 Wages Paid	\$12.19	\$23.14	\$8.58	\$12.05	\$9.87	\$15.49	\$10.75	\$14.36	\$10.56	\$13.40	\$9.90	\$10.50
9.25 % of Target Wages	122.0%	220.4%	81.7%	114.8%	94.0%	147.5%	102.4%	136.8%	100.6%	127.6%	94.3%	100.0%
Index Score	65.05	41.68	33.19	61.06	61.69	66.66	59.82	41.63	62.73	73.97	53.46	63.74

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