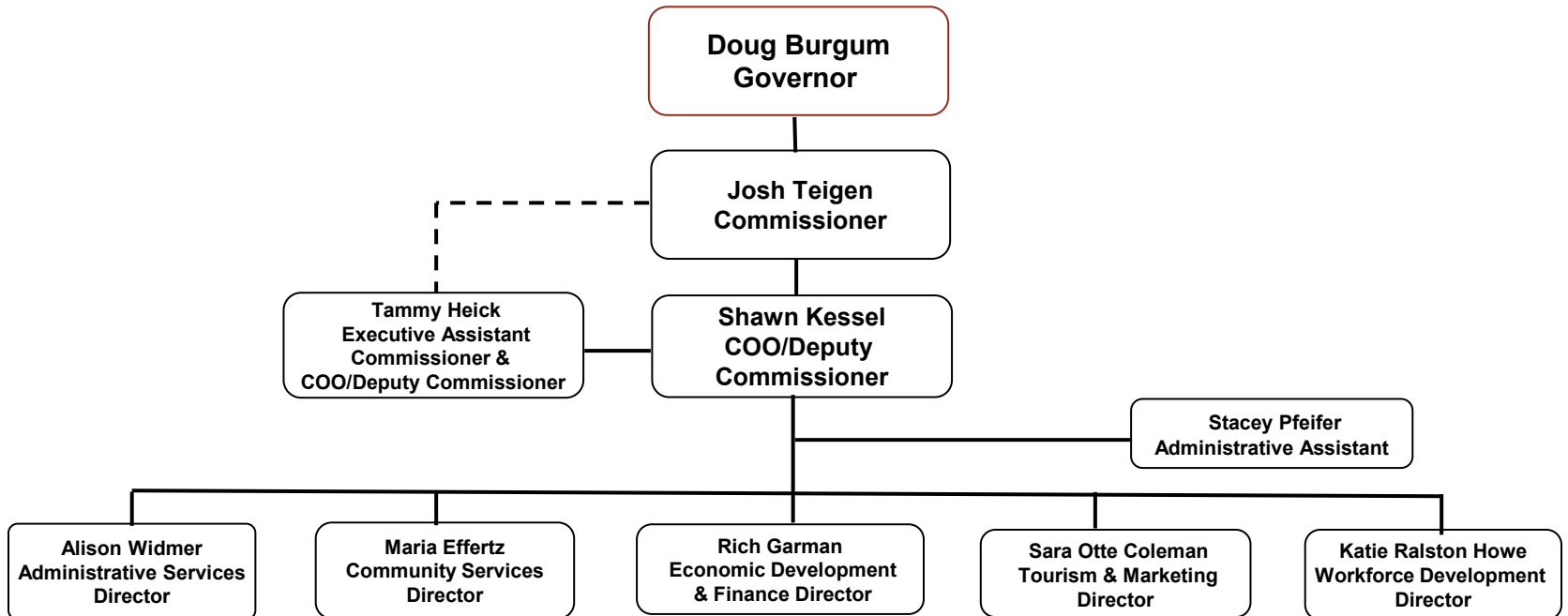
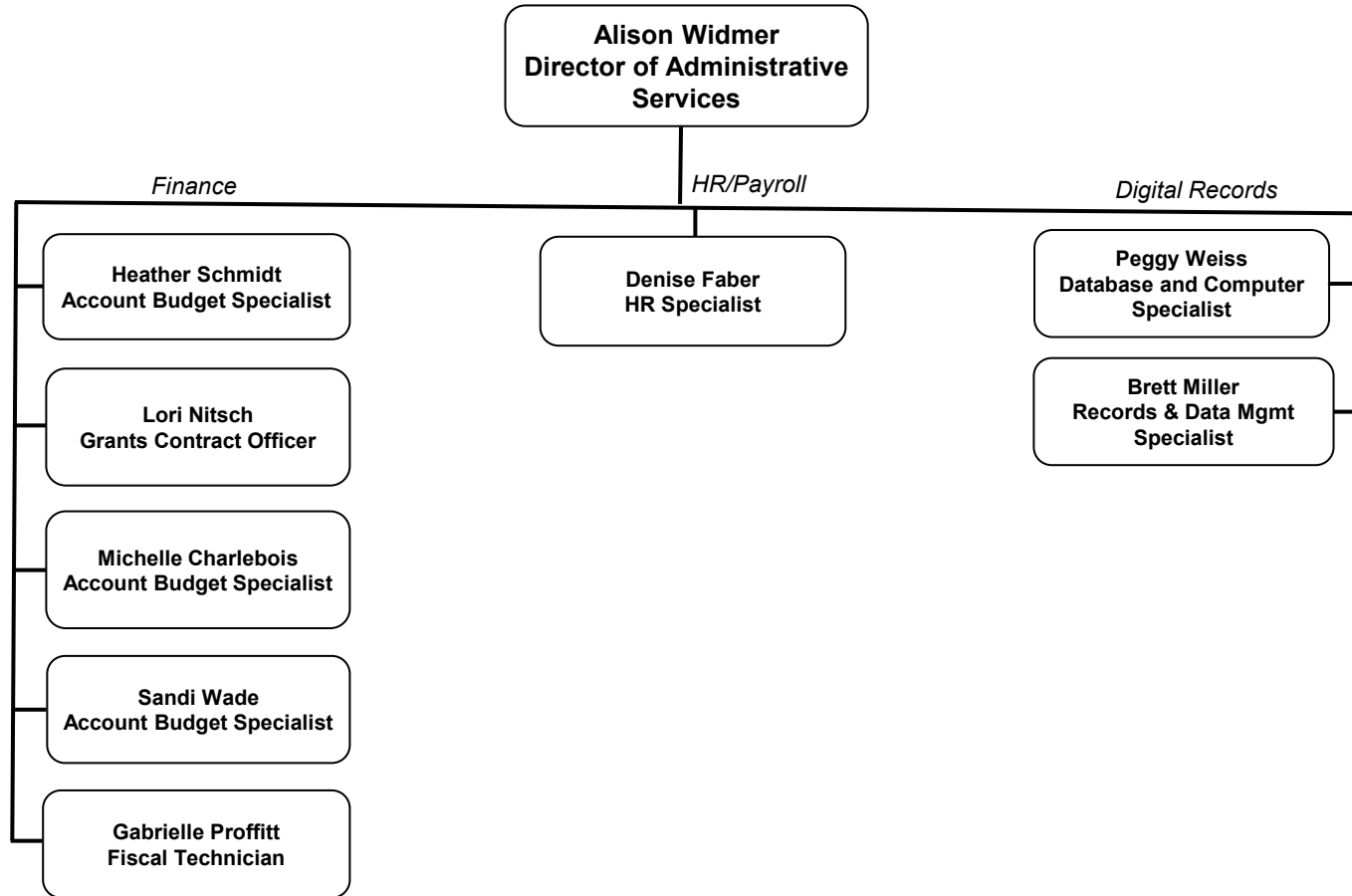


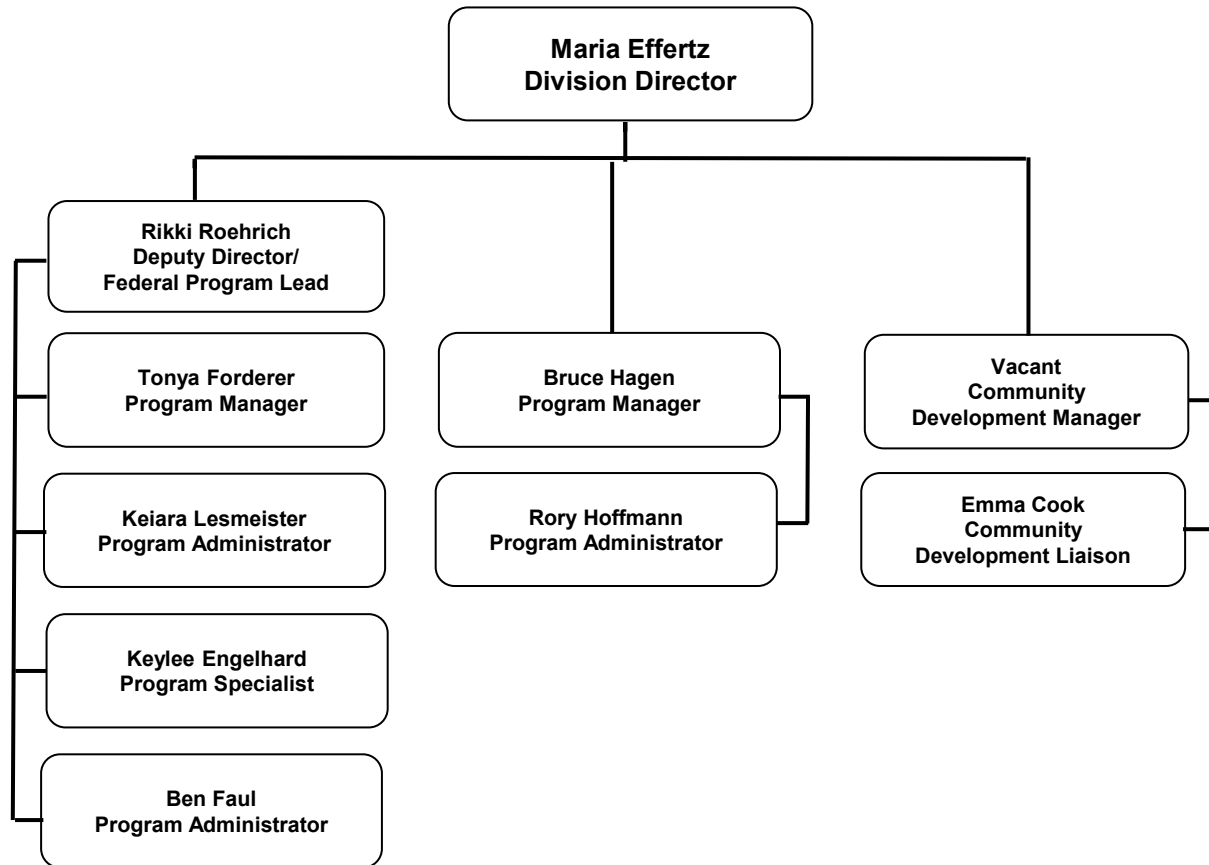
Department of Commerce Organizational Chart



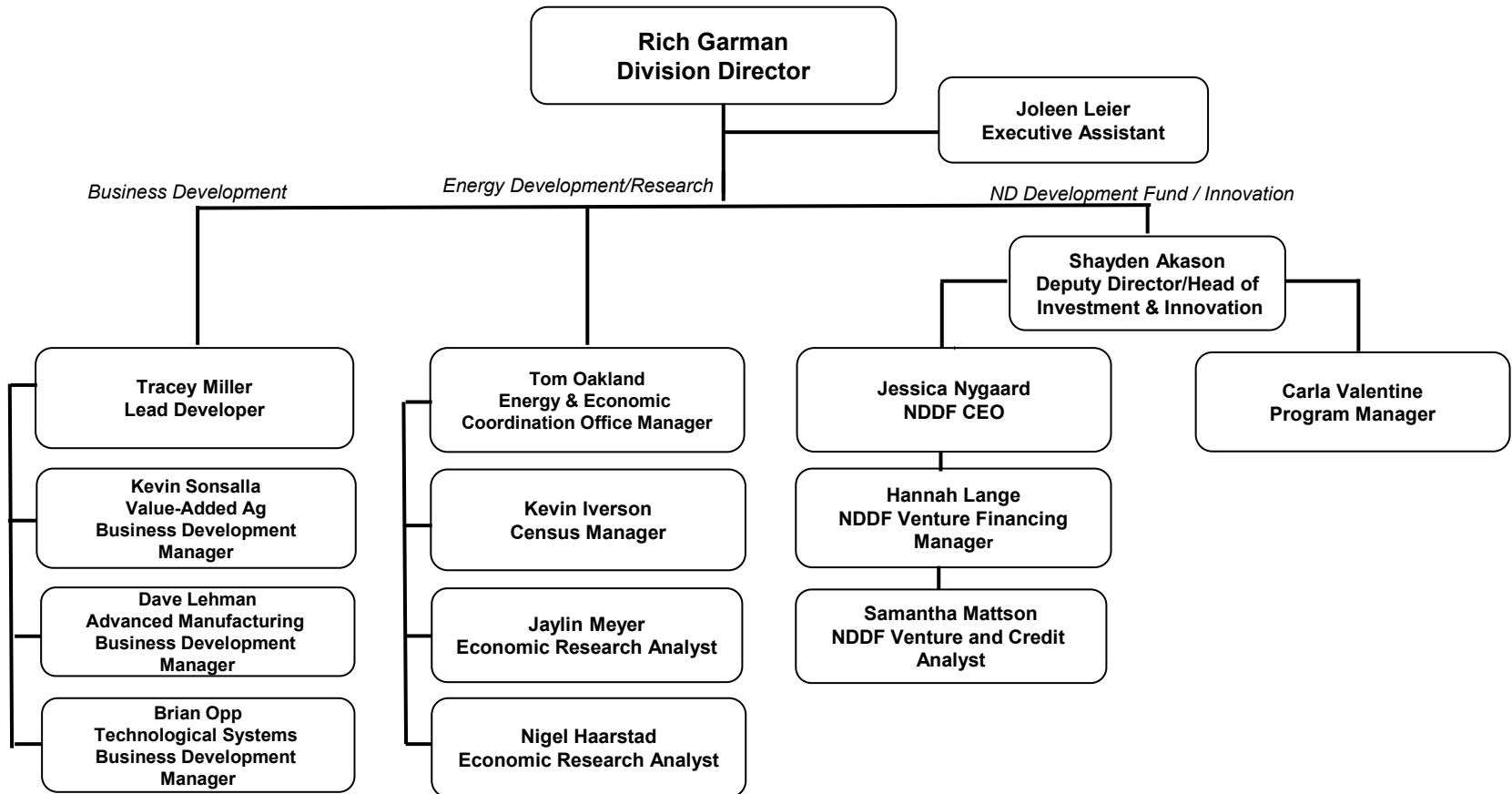
Administrative Services Organizational Chart



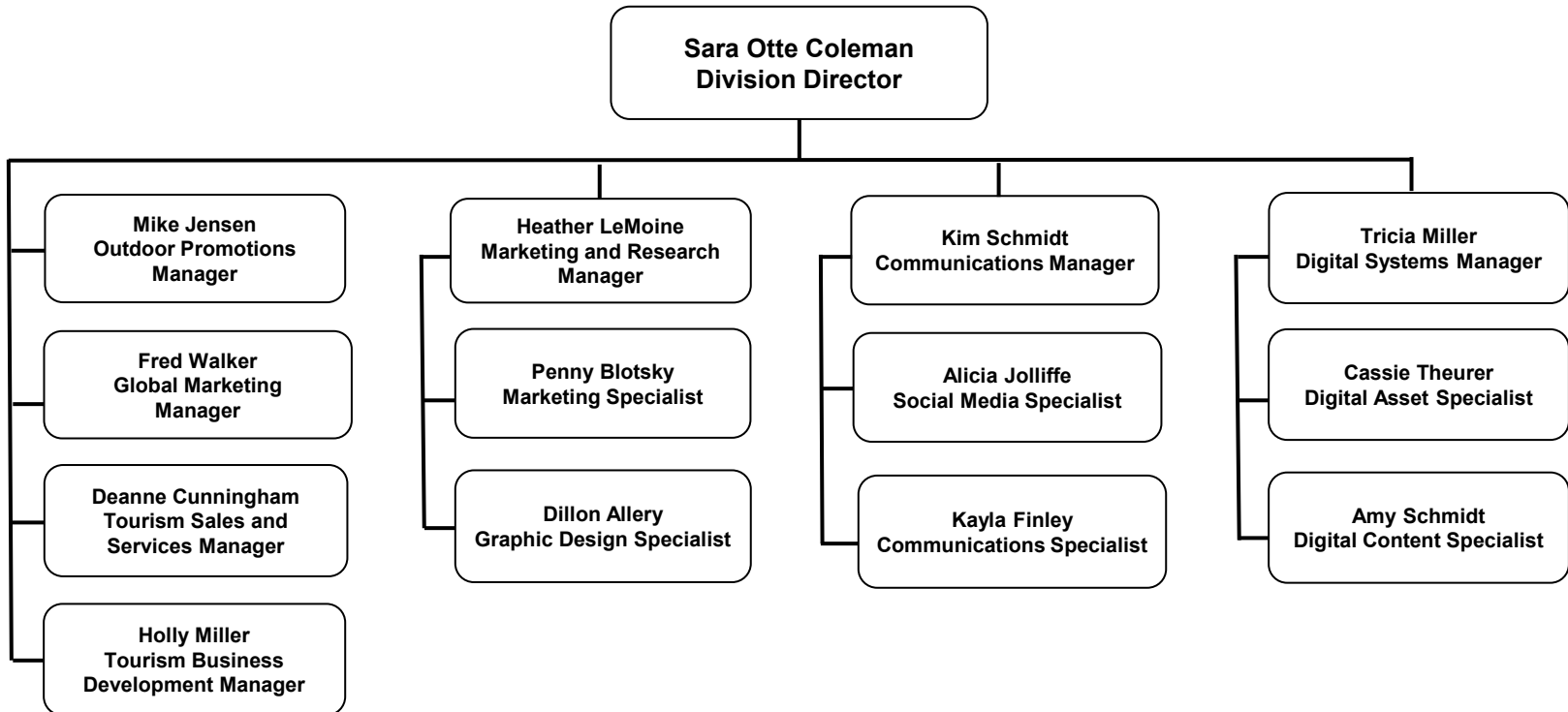
Division of Community Services Organizational Chart



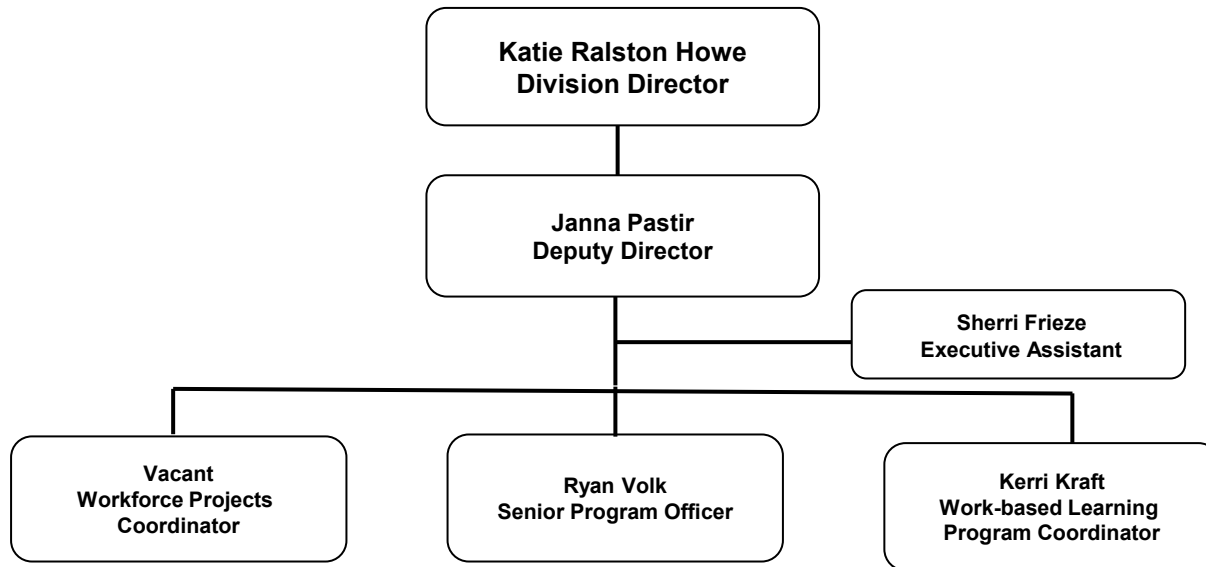
Division of Economic Development & Finance Organizational Chart



Division of Tourism and Marketing Organizational Chart



Division of Workforce Development Organizational Chart



Service & Program Guide (Commerce.nd.gov)

Economic Development & Finance

Services:

- State Data Center
- Incentives Reports for New or Expanding Businesses
- Requests for Proposal (RFP/RFI)
- General Economic Development Assistance
- Project Funding
- Connect Companies with Communities, Developers, Academia, Other Businesses, Etc.

Programs:

- Angel Match Program
- Automation Tax Credit
- ND Development Fund
- Regional Rural Revolving Loan Fund
- Childcare Loan Program
- Innovative Technology Program Fund (IIFT)
- Innovate ND
- Rural Growth Incentive Program

commerce.nd.gov/economic-development-finance

Workforce Development

Services:

- Recruiter Network
- Relocation Help Desk

Programs:

- AmeriCorps
- Operation Intern
- Find the Good Life in ND
- Technical Skills Training Grant
- Regional Workforce Impact Program
- Tribal College Grants
- Non-Resident Nursing Employment Recruitment
- Apprenticeship

commerce.nd.gov/workforce

Community Services

Services:

- Technical Assistance with Federal and State Grant Applications
- Community and Economic Development Project Funding
- Training and Technical Assistance for Compliance with Federal and State Regulations
- Monitoring of HUD Projects and Programs
- Community Development (Nonprimary Sector) Planning, Resources and Technical Assistance

Programs:

- Community Development Block Grant (CDBG)
- Community Development Loan Fund (CDLF)
- Weatherization/LIHEAP
- Renaissance Zone Program
- Manufactured Home Installation Program
- Renewable Energy Programs
- Main Street/Community Development Building Codes
- Community Services Block Grant (CSBG)
- State Energy Program
- Vibrancy Grants
- Partners in Planning Grants

commerce.nd.gov/community-services

Tourism & Marketing

Services:

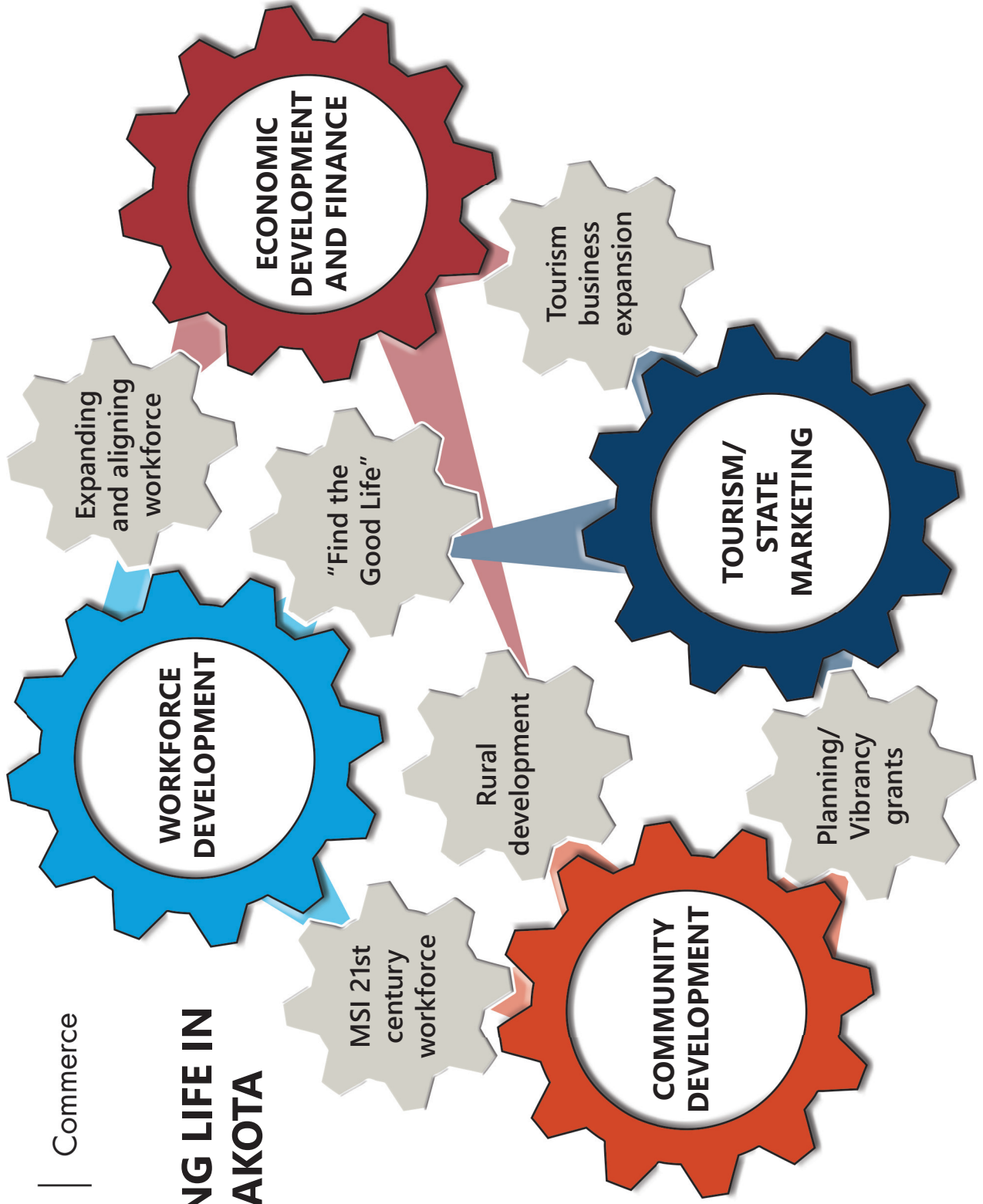
- State Marketing (Tourism and Workforce)
- Public and Media Relations
- Visitor Services
- Tourism Development
- Tribal Tourism
- Global Tourism Marketing
- Group Travel
- Outdoor Promotions
- Photo and Video Sharing
- Free Website Listings
- Social Media
- Research

Programs:

- Tourism Development Grant
- Cooperative Programs for Partners
- Agritourism

commerce.nd.gov/tourism-marketing

IMPROVING LIFE IN NORTH DAKOTA





FACTS

53,193

PEOPLE
IMPACTED BY
CDBG AND
CSBG

10,471

PERSONS
SERVED BY
HOMELESS
GRANTSCDBG AND
HOME FUNDS
REHABBED132
HOMES

42

PROJECTS
COMPLETED
THROUGH THE
STATE ENERGY
PROGRAM

DIVISION OF COMMUNITY SERVICES

The North Dakota Department of Commerce Division of Community Services (DCS) was established to provide technical assistance to local governments and state agencies in the areas of community and rural planning and development, policy research and development and grant program implementation.

PROGRAMS INCLUDE:

STATE ENERGY PROGRAM — Promoting Energy Conservation and Efficiency

The State Energy Program provides a range of grant resources for energy conservation-related opportunities, including energy education, installation of energy efficient features, and new and expanding energy technologies. The program's state energy plan is supported by financial and technical assistance through the U.S. Department of Energy (DOE) and funds political subdivisions, nonprofits and education centers. More than \$1.34 M in project funding was granted for 42 projects in 2020–2022.

COMMUNITY DEVELOPMENT BLOCK GRANT — Developing Vibrant and Sustainable Communities

The Community Development Block Grant Program (CDBG), provided through the U.S. Department of Housing and Urban Development (HUD), provides financial assistance to local governments in the form of grants for public facilities, housing rehabilitation and economic development projects and public services. The primary beneficiaries of these projects must be low to moderate income individuals.

EMERGENCY SOLUTIONS AND NORTH DAKOTA HOMELESS GRANT — Working to End Homelessness

The Emergency Solutions Grant (ESG) is a program of the U.S. Department of Housing and Urban Development.

The Emergency Solutions Grant and ND Homeless Grant (NDHG) provides financial assistance to facilities and programs to identify sheltered and unsheltered homeless persons, as well as those at risk of homelessness, and provide services to help them quickly regain stability in permanent housing after experiencing homelessness. The North Dakota Department of Commerce currently awards grant funds directly to emergency/homeless shelters and agencies throughout the state for activities like operational expenses (utilities, insurance, furnishings, appliances, etc.) and essential services (case management, medical, laundry, transportation, etc.), homeless prevention, rapid rehousing and the Homeless Management Information System.

It has been proposed that the ESG and NDHG programs move to the North Dakota Housing and Finance Agency in 2023.

DID YOU KNOW?



Since 2001, 10,000 homes equipped with energy saving measures.



Community Services Block Grant impacted 35,246 low-income individuals, including 13,000 children, 5,605 persons with disabilities, and 5,379 people who lacked health insurance.



Community Development Block Grant assisted six businesses as part of economic development.



More than 1,200 homes have weatherized since January 1, 2020, including 623 families with children.



In the last 2 years 542 manufactured homes installed.

WEATHERIZATION/LIHEAP — Increasing Energy Efficiency for Low-Income Persons

The Weatherization Assistance Program and the LIHEAP Weatherization Program impact low-income individuals across the state to:

- Increase energy efficiency in homes
- Strengthen the health and safety of the home
- Reduce total residential energy expenditures
- Provide conservation measures

Since 2001, more than 10,000 homes have been equipped with energy-conserving measures. They are programs of the U.S. Department of Energy and the U.S. Department of Health and Human Services. The Weatherization program shows an ROI of \$2.78 in non-energy benefits for every \$1 invested in the program.

MANUFACTURED HOME INSTALLATION PROGRAM — Inspecting Manufactured Homes

Since 2003, the Division of Community Services has overseen the manufactured home installation program, where all new manufactured homes installed for residential purposes are completed by an inspector licensed by DCS. A minimum of 2 inspections are required on a double-wide home and one inspection on a single-wide home is required. ND currently has 61 installers and 16 licensed inspectors. From July 1, 2020, through June 30, 2022, we had 542 manufactured homes installed.

COMMUNITY SERVICES BLOCK GRANT — Fighting Poverty in North Dakota

The Community Services Block Grant (CSBG) Program assists communities in implementing anti-poverty programs. The program administers funding from the U.S. Department of Health and Human Services through the state's seven Community Action Agencies (CAAs), providing various services to low-income persons, including:

- Emergency assistance
- Money management
- Housing counseling
- Self-sufficiency services
- Case management and outreach
- Referral services

CARES FUNDING — Relieving the Effects of the Pandemic

DCS received additional federal funds for the ESG and CSBG programs to assist with the challenges of the pandemic. CSBG received an additional \$4,209,178.50 and from these funds, the Community Action Agencies have assisted 4,984 low-income clients in 2020 and 2021. An additional \$5,142,580 was received to provide support to the ESG grant.

STATE ENERGY PROGRAM APPLICATIONS

- State Energy Security Planning
- Lighting retro fits
- "Spotlight on Energy"
- Energy audits
- Electric vehicle (EV) charging stations
- Electric vehicle (EV) training programs



The mission of the State Energy Program is to provide leadership to maximize the benefits of energy efficiency and renewable energy through technology deployment, communications and outreach activities, and access to new partnerships and resources.

While any organization may apply to the program, priority is given to schools, political subdivisions, state agencies and non-profits. The amount of funding available varies from year-to-year. Typically, awards range from \$5,000 to \$50,000.

The program year runs from July 1–June 30.

APPLICATION PROCESS

Applications are accepted at any time. However, in order to guarantee consideration for the upcoming program year, applications or a letter of intent detailing a description of the proposed project and budget must be received by March 1. The application form can be found at ndgov.link/SEP.

GUIDELINES

- Construction costs are ineligible.
- Sub-recipients must maintain a SAM registration and valid UEI to be eligible.
- Funds may not be used for product development.
- A 20% match is required. The match may be cash or in-kind.

REIMBURSEMENT

Funds are provided on a reimbursement basis. The reimbursement form is available at ndgov.link/SEP. Appropriate supporting documentation must be included.

- Invoices must be included for all purchases of services or goods. If a purchase is over \$10,000, three bids must be included. Contractors and vendors must not be debarred or suspended on the System for Award Management.
- If requesting reimbursement for employees, a timecard must be provided that shows the full amount of time of each employee. Hours worked on the grant project also must be designated.

UPDATED 09/13/2022



MAIN STREET FACTS

99

MAIN STREET
COMMUNITIES

MORE THAN
\$1.1 MILLION
IN GRANT
FUNDING
AWARDED

81

COLLABORATING
PARTNERS

BRINGS
ADDITIONAL
FEDERAL FUNDS
INCLUDING
\$1M EDA
GRANT

MAIN STREET NORTH DAKOTA

Every community has unique opportunities and challenges. The Main Street Initiative gives local leaders direct access to a variety of resources, building on community strengths to make sound decisions. These efforts will help create vibrant cities that are poised to attract and retain a 21st century workforce, helping North Dakota compete and succeed in a global economy through diversification of industries.

Communities engaged in this initiative receive direct and focused assistance with community planning and development, tailored support from participating state agencies, streamlined access to resources and learning opportunities and enhanced access to select state resources, helping create a planned pathway to a future of their design.

THE FOUR PILLARS OF THE MAIN STREET INITIATIVE

HEALTHY,
VIBRANT
COMMUNITIES

21ST
CENTURY
WORKFORCE

SMART,
EFFICIENT
INFRASTRUCTURE

ECONOMIC
DIVERSIFICATION

MAIN STREET INITIATIVE SUCCESSES

BUILDING PRIDE AND PROMOTING VIBRANCY

The Hettinger Chamber of Commerce started "Tuesday Night Lights" every Tuesday in September, 2021, as a way to get people out of their homes during the pandemic and down to Hettinger's Main Street to enjoy socializing, eating and purchasing products from local home businesses, food trucks, produce marketers and Main Street businesses.

ATTRACTING AND RETAINING WORKFORCE

Jamestown Stutsman County Intern Reimbursement Program - JSDC reimburses local employers up to \$3,500 in payroll costs for college students hired through this program.

INFILL DEVELOPMENT

Gilby Grind and Community Center - The community received a generous donation of an old grocery store and embraced the challenge of finding a way to turn it into a coffee shop and community center.

ECONOMIC DIVERSIFICATION

Destination Red River - These recipients came together to create a robust economic diversification and tourism plan that will take the Rendezvous Region of northeast North Dakota into the future.

INITIATIVE HIGHLIGHTS

ROI
(PIP)
Vibra

WHY BECOME A MAIN STREET COMMUNITY?

Joining the Main Street Initiative provides communities the resources, technical assistance, educational opportunities and network connections that **empower communities** to proactively plan their futures and **build local capacity** to improve quality of life for their current and future citizens. Plus, engaged communities receive extra benefits on some state grant applications.

LEVELS OF ENGAGEMENT

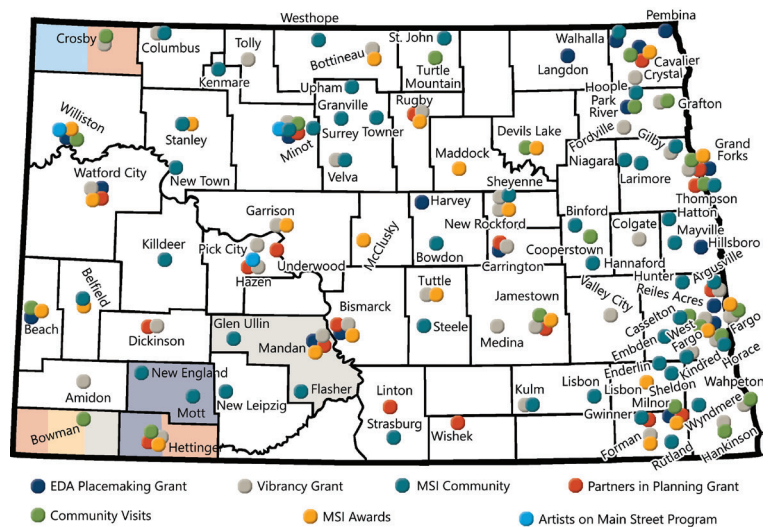
Main Street COMMUNITY

- Sign up through the online portal
- Community Visit by MSI Team
- Share success stories

Main Street CHAMPION

- All above requirements plus:
- Sign a Main Street Initiative proclamation
- Complete Main Street Initiative Action Plan
- Identify top 3-5 priorities, assign champions and establish timelines

MSI IMPACT





INDUSTRY FACTS

ND RANKS
3RD
IN NATIONAL
OIL
PRODUCTION

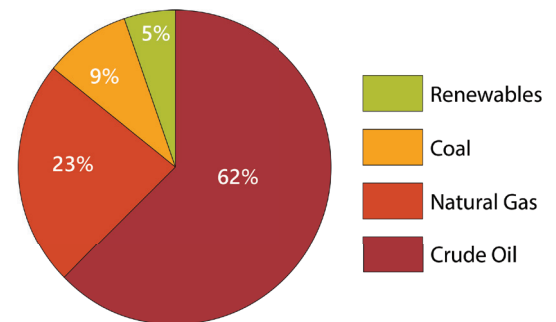
42.2
MILLION
MEGAWATT
HOURS OF
ELECTRICITY
GENERATED

5th
IN SHARE
OF WIND
GENERATED
ELECTRICITY

2nd
LARGEST
KNOWN LIGNITE
DEPOSIT IN THE
WORLD

North Dakota is the second-largest energy-producing state in the nation offering opportunities in oil and gas, coal and alternative energy production. North Dakota is a proactive producer and serves as a model in fostering innovative, long-term strategies to meet our nation's growing energy demand. The state strives with an "all of the above" approach in the development of its wide-ranging energy sector while meeting the need for energy security in an environmentally responsible manner. North Dakota offers a comprehensive package of incentives to stimulate growth in all energy sectors and creates a broad-based energy strategy that maximizes the state's resources.

NORTH DAKOTA TOTAL ENERGY PRODUCTION



ENERGY DEVELOPMENT INCENTIVES

Financial Incentives

- North Dakota Development Fund – Gap financing loan and equity program.
- Bank of North Dakota PACE Program – Interest buy down program.
- Bank of North Dakota Match Program – Loans at U.S. Treasury yield rate +0.25% to businesses other than retail that create new wealth, provide jobs and demonstrate considerable financial strength.
- Clean and Sustainable Energy program – Grant and funding options for research, development and commercialization of large scale innovative energy projects administered through the ND Industrial Commission.
- Renewable Energy Program – Grant and funding options to foster the development of renewable energy and related industrial technologies within a broad range of commercial applications. Overseen by the ND Industrial Commission.

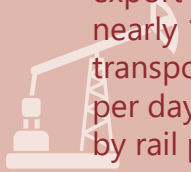
Property Tax Exemptions

- Up to five-year property tax exemption. Additional five years available for agricultural processors or projects located on property leased from a governmental entity.
- Payment in lieu of a property tax exemption, in full or part. A company may negotiate a fixed or graduated rate for a period not to exceed 20 years. A privilege tax may be applied to coal conversion facilities.
- Exemptions on all personal property from property taxation except that of certain oil and gas refineries and utilities.

Corporate Tax Exemptions

- Five-year corporate income tax exemption for new or expanding primary sector business.

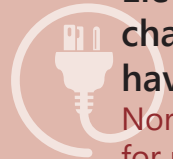
ENERGY HIGHLIGHTS



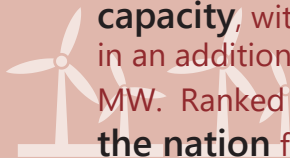
Williston Basin crude oil export capacity included nearly 1.5 million barrels transported by pipeline per day and 800K barrels by rail per day, totaling **nearly 2.3 million barrels per day.**



32 North Dakota facilities process natural gas and have a capacity of over four billion cubic feet per day.



Electric vehicle charging stations have doubled across North Dakota with plans for more.



In 2021, North Dakota had over **4,000 MW of installed wind capacity**, with interest in an additional 6,200 MW. Ranked **7th in the nation** for installed capacity share with 31% of total electric generation coming from wind.

Sales Tax Exemptions

- Sales and use tax exemptions on manufacturing and processing equipment.
- Sales and use tax exemptions may be granted for purchasing tangible personal property used to construct or expand electrical generating facilities, gas or liquefied natural gas processing facilities or oil refineries.
- Sales and use tax exemptions may be granted for purchasing tangible personal property used for carbon-dioxide enhanced oil or gas recovery, to extract or process by-products from coal gasification and to produce coal from a new mine.

Job Training Programs

- One-stop job training assistance – Both state and federal programs available for businesses.
- New Jobs Training Program – Grant program utilizing employee withholding tax.

SUPPORTING INFRASTRUCTURE

29,655 Miles of Pipeline

- 17 major crude oil pipelines, including Enbridge, Keystone, Marathon Petroleum and Dakota Access.
- Nine natural gas pipelines, including Alliance, Northern Border and WBI Energy.
- Four product pipelines, including Cenex, Kinder Morgan Cochin, Magellan, and NuStar Energy.

North Dakota Port Services Inc. Serviced by BNSF

- Adjacent to mainline switch yard.
- Daily service and highway access.
- Fully operational intermodal facility with LNG capacity.

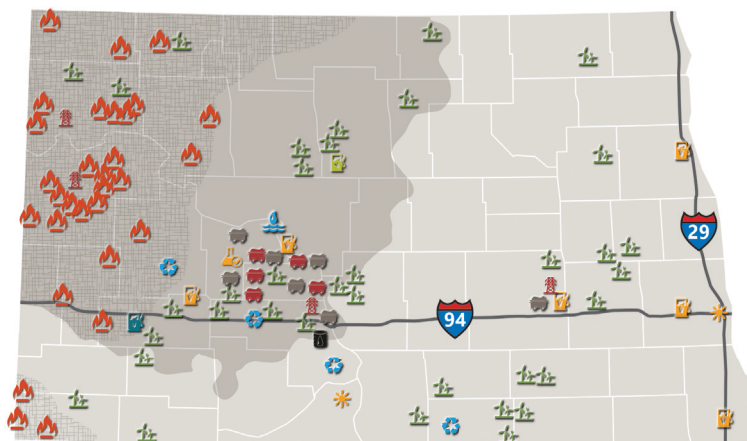
Rail Services

- Class 1 Carriers – BNSF and Canadian Pacific.
- Four regional lines.
- 38 container service/transloading facilities.
- 42 loop/ladder tracks.

Electrical Capacity

- More than 42 million megawatt hours of electricity generated annually.
- More than half of state's generated electricity is exported.

NORTH DAKOTA ENERGY SITES



NATURAL GAS PROCESSING	COAL-BASED GENERATION	LIGNITE MINE	HYDRO POWER
WIND FARM	SYNFUELS PLANT	ETHANOL PLANT	PETROLEUM REFINERY
SOLAR FARM	BIODIESEL PLANT	RECOVERED ENERGY GENERATION	PEAKING STATION
BAKKEN FORMATION	RENEWABLE DIESEL REFINERY		OIL FIELDS

Carbon dioxide (CO₂) capture and storage technologies have become increasingly important as global markets focus on reducing the amount of CO₂ that is emitted into the atmosphere. As the state with the nation's largest dependence on out-of-state trade, a new focus on \$52 trillion in private equity using environmental, social and governance (ESG) standards, new federal regulations and shifting consumer demand, North Dakota is committed to innovation in order to provide our companies optimal access to capital and natural resources. That commitment was solidified in May 2021, when Gov. Doug Burgum announced that the state will strive to become carbon-neutral by 2030. This goal will only be reached through innovation, not regulation.

The recent Inflation Reduction Act increased federal incentives to \$60-\$85 per ton of CO₂ for utilization or storage. Capturing CO₂ from existing in-state and out-of-state facilities can bring a substantial financial benefit while sustaining North Dakota agriculture and energy production.

Carbon neutrality is not only good for the environment, it is also good for business. And our state has a great story to tell.

NORTH DAKOTA'S GEOLOGY IS IDEAL

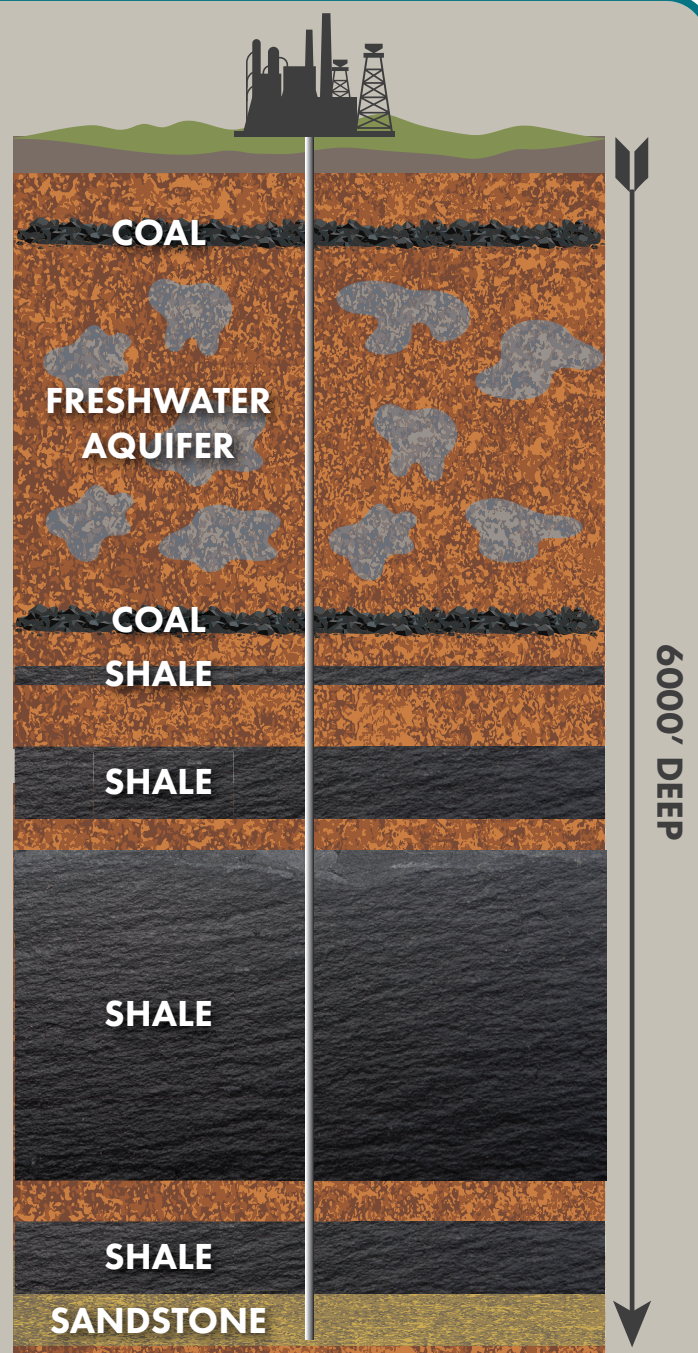
Proactive actions are already underway to fulfill this commitment. For example, Project Tundra in Oliver County, North Dakota, aims to build the largest carbon capture, utilization and storage (CCUS) facility in the world. Also, Red Trail Energy in Richardson is studying the economic feasibility of integrating CCUS with ethanol production. Research is underway at the University of North Dakota's Energy and Environmental Research Center (EERC) to bring this initiative to reality.

North Dakota is uniquely positioned for this innovation given our geology is ideal for safe and permanent geologic storage of CO₂. A deep porous rock layer will hold the CO₂ more than a mile underground and overlying cap rock layers will seal the CO₂ in the storage zone. EERC estimates that North Dakota has capacity to sequester up to 25 billion tons of CO₂, over 4,400 years' worth of North Dakota's annual production!

DEVELOPING MARKETS FOR CO₂

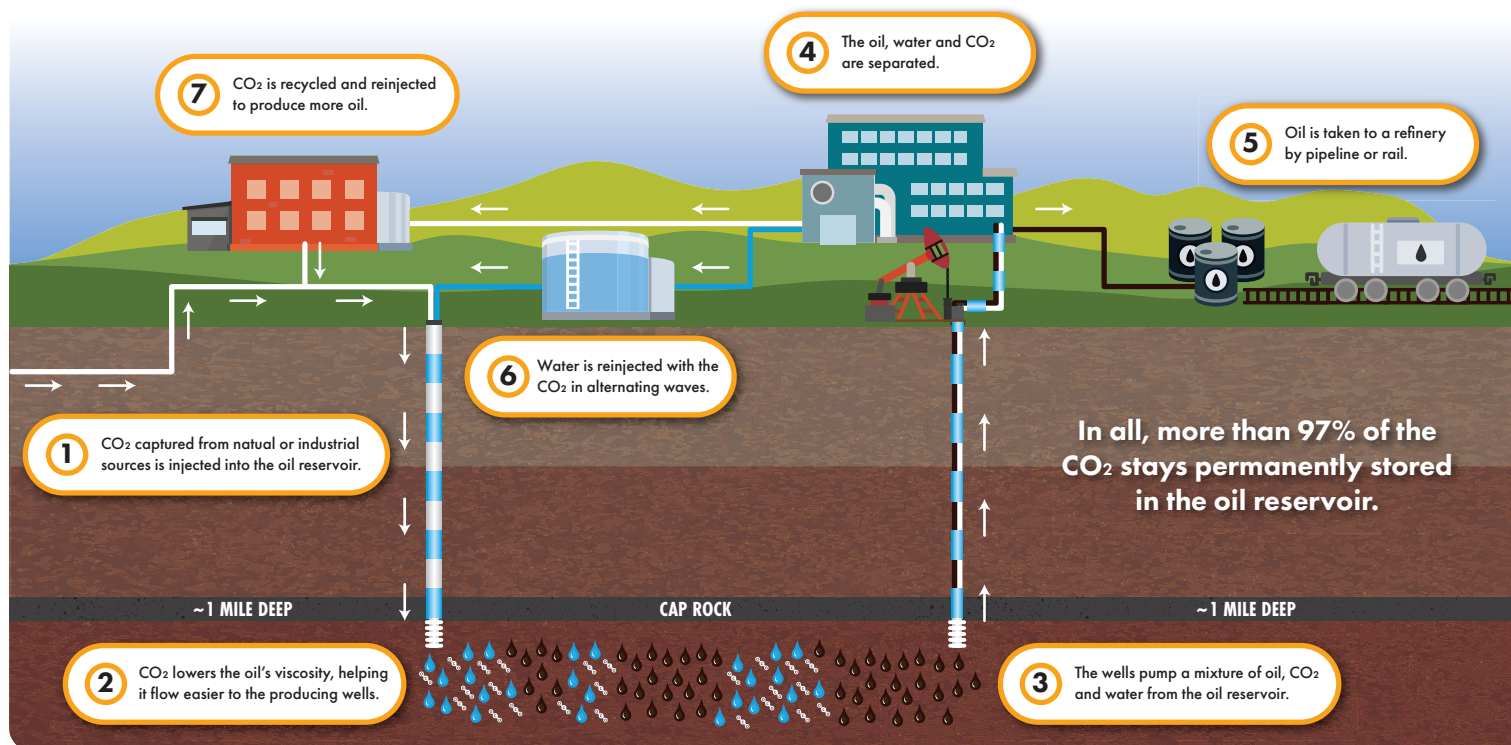
North Dakota's older (conventional) oil fields: When the market is ready, CO₂ enhanced oil recovery (EOR) will revitalize older fields that are in declining stages of production, producing up to 1 billion additional barrels!

North Dakota's Bakken (unconventional) oil fields: When the technology is ready, CO₂ EOR can be applied to declining Bakken oil wells to improve production, unlocking up to 7 billion additional barrels from the Bakken and Three Forks shale!



TERTIARY RECOVERY (CO₂ ENHANCED OIL RECOVERY)

In addition to carbon capture and storage, North Dakota is working on other ESG initiatives regarding reduction of CO₂ emissions such as using CO₂ for EOR, water recycling in oilfields, plastics manufacturing using excess and flared natural gas, geothermal energy production, and a recently announced partnership with Bakken Energy and Mitsubishi Power to create a blue hydrogen hub, composed of facilities that produce, store, transport and consume clean hydrogen.



BENEFITS



Produces greener oil with a smaller carbon footprint because CO₂ is permanently stored in the process.



Provides economic incentive to capture the industrial CO₂ as it is sold to offset the cost of capture.



Enhances energy security with homegrown oil production.



Generates and maintains well-paying jobs, tax base and viable communities.



Reduces industrial CO₂ emissions into the atmosphere.

SAFETY



Oil reservoirs can hold CO₂ the same way they've been holding other fossil fuels for millions of years.



North Dakota's stable geology is ideal for CO₂ EOR.



The oil industry has 40+ years of CO₂ EOR experience.



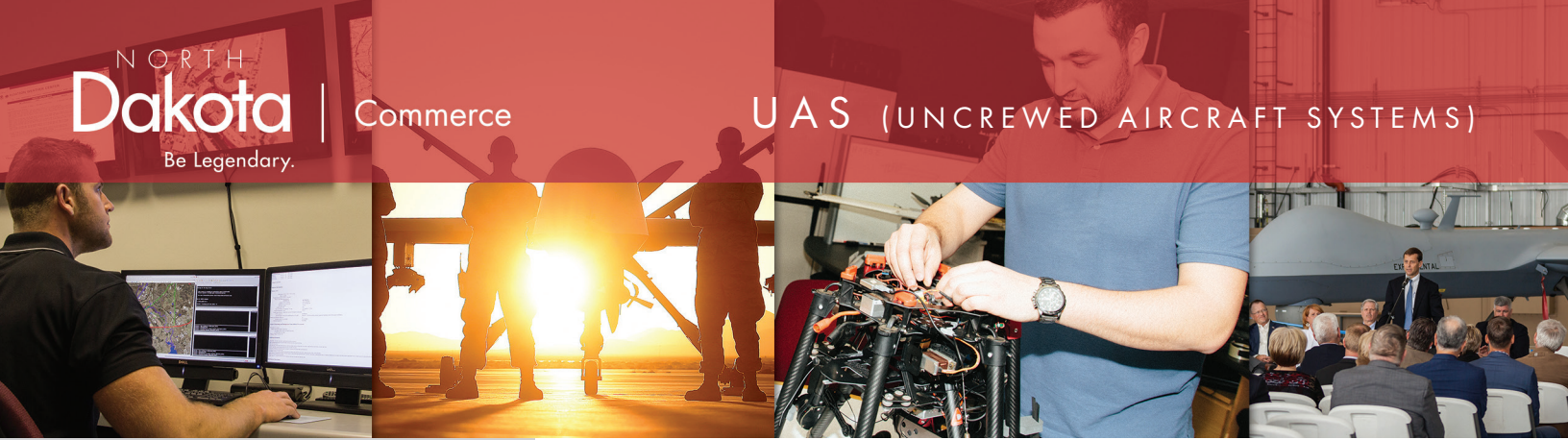
Millions of additional barrels of oil have been safely produced (Texas, Montana, Mississippi and Saskatchewan).



4,000 miles of CO₂ pipelines in North America move CO₂ every day without incident.

For more information, please contact Rich Garman or Tom Oakland at 701-328-5300.

Sources for most of this information and additional research materials can be found on the EERC website at: <https://undeerc.org/pcor/Resources.aspx>



INDUSTRY FACTS

STATE
COMMITMENT
FOR NEW
INFRASTRUCTURE
**\$33
MILLION**

**\$78
MILLION**
TOTAL
INVESTMENT BY
THE STATE OF
NORTH
DAKOTA

THE
NATION'S FIRST
**BVLOS
SYSTEM**
VANTIS

1ST
UAV
TRANSATLANTIC
FLIGHT

NORTH DAKOTA UNCREWED AIRCRAFT SYSTEMS (UAS): THE NEXT GENERATION

North Dakota's uncrewed aircraft systems sector continues to lead the nation in supporting the agricultural and energy industries, commercializing intellectual property and operationalizing federal requirements. To continue this growth and momentum, North Dakota must continue to invest in growing its Beyond Visual Line of Sight (BVLOS) network, support robust operations at the Northern Plains UAS Test Site (NPUASTS) and expand infrastructure at the Grand Sky UAS Park to support highly diverse and well-paying jobs as well as the national security mission.

GRAND SKY: THE NATION'S FIRST PRIVATE UAS PARK

Grand Sky, the nation's first UAS business and aviation park, is home for flight testing, UAS operations and research and development. Grand Sky offers build-to-suit locations and temporary facilities for commercial UAS development and testing, as well as defense-related operations support and has attracted more than \$100 million in private investment. Grand Sky offers access to secure defense networks, dark fiber, a 12,351-foot runway, uncongested airspace with less than 10 operations daily and more than 330 days of flying weather annually. Testing operations are supported with electronics component distributors, metal fabrication, 3D printing and equipment support for the most demanding test requirements. Grand Sky partners like the Northern Plains UAS Test Site (NPUASTS) can support airspace needs. Grand Sky is home to one of the nation's first commercial BVLOS system.

VANTIS

North Dakota is a thriving ecosystem of uncrewed aircraft systems (UAS) for public and private use. Through the development of Vantis, a statewide network enabling UAS flights Beyond Visual Line of Sight (BVLOS), North Dakota is poised to become the nation's epicenter of commercial UAS activity. Vantis is the first such program of its scale in the U.S. To date more than 200 UAS and 68 manned aircraft test flights have been completed on Vantis, as the Northern Plains UAS Test Site works towards expanding the network across all of North Dakota. Commerce is recruiting new industries to assist with energy production and supporting small communities across the state. Autonomous development and the attraction of private equity throughout the agricultural sector continues at a rapid clip as well, including new start-up activity from Plug and Play.

KEY NORTH DAKOTA GROWTH



\$400 million
in private sector
investment.



Almost 50 UAS
companies call North
Dakota home.



Over 1,000 people
employed by the
industry.



Federal partners
include DoD, CBP and
FAA.

INDUSTRY CLUSTERS

The North Dakota UAS entrepreneur cluster is larger than any other accelerator, incubator or entrepreneur center in the nation.

Almost all UAS companies operate in North Dakota, including:

- Northrop Grumman
- General Atomics
- Collins Aerospace
- Thales USA
- SkySkopes
- ISight RPV Services
- Botlink
- Thread
- Airial Robotics

SUCCESSES

- Participation in the FAA's BEYOND program which continues the partnership that was started through the UAS Integration Pilot Program
- Northrop Grumman endurance testing
- Department of Homeland Security Northern Border Airspace Domain Awareness Test Bed
- Four contracts awarded to support the United States Air Force Agility Prime program

PREMIER TEST SITE ADVANTAGES

- Strong industry support
- Open terrain
- Robust energy and agriculture industry clusters
- Broad infrastructure, including Grand Sky Business Park and Northern Plains Test Site
- Research through UND Research Institute for Autonomous Systems
- History and culture of aviation safety
- Uncongested airspace
- Climate diversity
- Unique testing locations and scenarios





INDUSTRY FACTS

**\$4.3
BILLION**
AGRICULTURE
EXPORTS
ABROAD

26,000
FARMS AND
RANCHES ACROSS
39.3 MILLION
ACRES

40
FARMERS
MARKETS

GROWING VALUE IN NORTH DAKOTA AGRICULTURE

Agriculture is a leading industry in North Dakota, consistently ranking high in crop and livestock production. North Dakota offers tremendous opportunity in value-added agriculture, such as food processing and manufacturing, as only a small percentage of production is processed in-state.

A STATE POISED FOR ECONOMIC GROWTH

North Dakota has all the key elements for successful food processors with the potential for future growth. North Dakota is focused on developing and expanding markets for crops, livestock and bio-fuels. The state offers an array of incentives to encourage continued growth in the industry. Enhanced with attractive business incentives, North Dakota is drawing some of the world's most successful companies to the state. Cavendish Farms, Roman Meal, JR Simplot, Pro Gold and Minot Milling are just a few of the businesses taking advantage of North Dakota's legendary business climate and workforce. North Dakota leads the nation in the production of 8 crops and, with the application of industry leading technology and cutting edge farming practices, our production increases year over year, creating ongoing value-added opportunities.

NORTH DAKOTA LEADS THE NATION


North Dakota leads the nation in the production of the following commodities:

- dry beans, all
- pinto beans
- canola
- flaxseed
- honey
- peas, dry edible
- wheat, durum
- wheat, spring



(USDA 2022 report on 2021 production)


DID YOU KNOW?




Wheat is produced in **all 53 counties** in North Dakota. Around 19,200 farms grow wheat — 74% spring, 25% durum and 1% winter wheat.



Beef cattle are raised in every North Dakota county with about 945K beef cattle and calves across the state. That's more than **1.2 cattle for every person** in North Dakota.

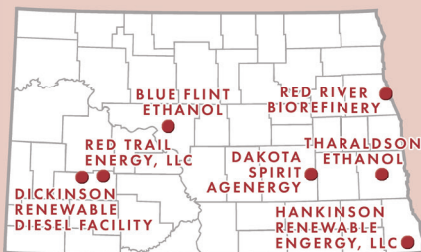


The state has 55 dairy farms that produce nearly **40 million gallons of milk** each year.

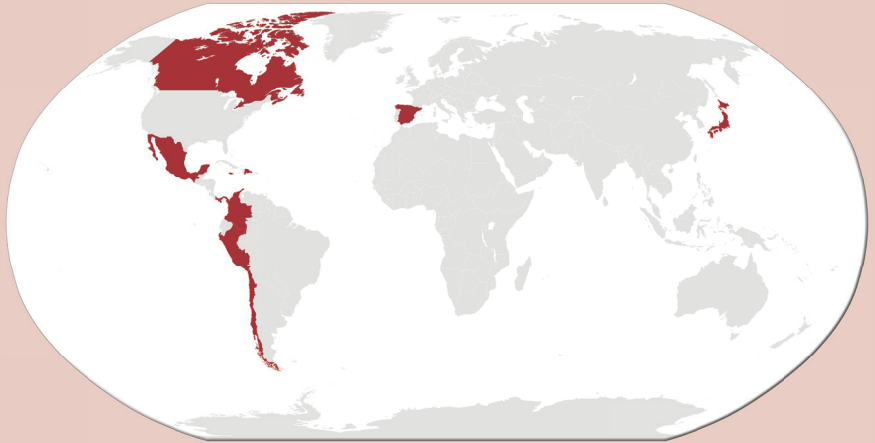


There are approximately **12,127 head of bison** in North Dakota. They are raised for meat and hides.

North Dakota has **Seven renewable fuel facilities.**



TOP 10 EXPORT COUNTRIES FROM NORTH DAKOTA



- | | | |
|-----------------------|-------------|-------------|
| 1. Canada | 4. Japan | 8. Spain |
| 2. Mexico | 5. Peru | 9. Chile |
| 3. Dominican Republic | 6. Colombia | 10. Jamaica |
| | 7. Panama | |

Source: U.S. Department of Commerce, International Trade Administration

PROCESSING AND PRODUCTION INCENTIVES

- North Dakota offers a range of agricultural processing and production incentives along with ease of access to local financing institutions – including the only state-owned bank in the nation
- Sales tax exemptions on construction materials
- Property tax exemption of up to five years for new or expanding businesses and up to 10 years for ag processors
- In lieu of property tax exemption, in full or part, a company may negotiate a fixed or graduated property tax rate for up to 20 years
- Corporate income tax exemption of up to five years for new or expanding manufacturers
- Wage and salary corporate income tax credit for new businesses
- Income tax credit for research expenditures
- Sales and use tax exemption for manufacturing equipment
- No personal property tax, including equipment, inventory, materials in process and accounts receivable
- Numerous grants and low-interest loans
- Assistance for job training and workforce development
- Lowest workers compensation premium rates in the United States





FUND FACTS

42

PARTICIPANTS

MORE
THAN

**\$29
MILLION**

IN LOANS
AWARDED

3

COMPANY
EXITS

The Innovation Technology Loan Fund (LIFT) is an innovation loan fund that supports technology advancement by providing financing for commercialization of intellectual property within the state of North Dakota. The following industries qualify for these funds:

- Advanced computing and data management
- Agriculture technology
- Autonomous and unmanned vehicles and related technologies
- Energy
- Health care
- Value-added agriculture
- Value-added energy
- Any industry or area specifically identified by the committee as an industry that will contribute to the diversification of the state's economy

LIFT LOAN TERMS INCLUDE:

- 0% interest for the first three years of the loan.
- 2% interest for the next two years of the loan.
- An interest rate equal to a standard Bank of North Dakota loan for all subsequent years.

The use of the loan funds are available to enhance capacity and to the extent possible, leverage state, federal and private sources of funding. Loan funds may be used to conduct applied research, experimentation or operational testing within the state. Loan funds may not be used for capital or building investments or for research, academic or instructive programming, workforce training, administrative costs, or to supplant funding for regular operations of institutions of higher education.

Approval for LIFT applications shall be made by the LIFT Committee with the following considerations:

1. Deliver applied research, experimentation or operational testing in one or more of the diversification sectors to create information or data to enhance North Dakota companies or industries or companies making investments in North Dakota.
2. Lead to the commercialization or patent of an innovation technology solution.
3. Result in the development of a new company or expansion of an existing company that will diversify the state's economy through new products, investment or skilled jobs.

More info can be found by visiting [NDCC Chapter 6-09.18](#) or contacting Carla Valentine at crvalentine@nd.gov.

INDUSTRIES REPRESENTED



ADVANCED
COMPUTING
AND DATA
MANAGEMENT



AGRICULTURE
TECHNOLOGY



ENERGY
AND
VALUE-ADDED
ENERGY



HEALTH CARE



VALUE-ADDED
AGRICULTURE



UAS

LIFT SUCCESS EXAMPLES

Access Point Technologies EP Inc. — A global supplier of innovative medical devices focused on meeting the needs of the large and fast-growing electrophysiology (EP) market, estimated at \$5 billion today with an 11% compound annual growth rate. APT EP designs and develops new catheters and systems for treating cardiac arrhythmias. It is building a new research and development center in Horace which will be ready in Q1 2021 and plans to develop both catheters and systems in this new facility. In addition, the company plans to hire and train local engineering talent and partner with ND physicians to develop significant bioscience intellectual property.



Checkable Medical Corp. — Developing an at-home strep test to be manufactured in North Dakota and launching an at-home rapid COVID-19 antibody test. LIFT support allowed it to move the founding team to the state and partner with a North Dakota clinical research partner to execute its trial. The company plans to create high-paying jobs in the bioscience industry in the next couple years.



First-I LLC (KSI Video) — Currently contracting its software services from a North Dakota company and recently established an office in Grand Forks as base for the development and manufacture of a new UAS product designed to assist first responders and emergency management personnel. The company is applying for matching funding from other sources and plans to have a commercially viable prototype available later in 2021. To date it has created one job in Grand Forks with plans for additional hires once it reaches commercialization.



Three Farm Daughters — A value-added ag start-up creating high-fiber, low gluten food products utilizing GoodWheat varieties grown in the USA and milled at the North Dakota State Mill. Three Farm Daughters has launched three pasta products and a 100% wheat flour for sale online and in stores in North Dakota and Minnesota. In doing so, Three Farm Daughters utilizes three North Dakota logistics companies, a North Dakota food-grade warehouse facility and collaborates with a Grand Forks local chef for recipe development.



TracFrac Inc. — A Bismarck-based company developing a patent pending scheduling platform that coordinates activities between operators and service companies in the oil and gas industry. Currently working with two major energy companies in North Dakota, TracFrac adds reliability and automation to the oil and gas monitoring and notification system.





FUND FACTS

**\$158
MILLION**

PROJECTED
ANNUAL GDP
INCREASE

**\$265
MILLION**

PROJECTED
ANNUAL
ECONOMIC
OUTPUT
INCREASE

**\$51.7
MILLION**

ESTIMATED
INCREASE IN
PERSONAL
INCOME

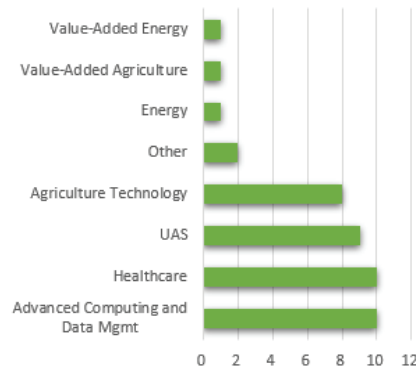
1,163

AVERAGE
EXPECTED JOB
CREATION
ACROSS ALL
INDUSTRIES

The LIFT initiative approved \$29.14 million (97%) of the appropriated funds (\$30 Million) as of August 2022, since the inception of the program in the 2019-21 biennium. The program has provided funding to 35 North Dakota businesses in specific sectors outlined in N.D.C.C 6-09.18-01. The North Dakota Department of Commerce utilized the Regional Economic Model Tax Policy Insight (REMI Tax PI) to forecast the state level's economic impacts of the LIFT funds over 2020-2024. The projected economic impacts include increases in the state economy size (as measured by the state gross domestic product (GDP) and output); wealth creation (as measured by personal income); and new jobs created (as measured by employment). There are three categories of employment: direct employment, indirect employment, and induced employment. Direct jobs are those created by the LIFT awardees. Indirect jobs are those created by related industries, such as suppliers and manufacturers. Induced jobs are local industries that increase due to the additional increase in direct or indirect employment, such as local restaurants, retail and entertainment. From 2020 to 2024, the LIFT program is expected to have impacted North Dakota's economy by the following measures. All dollars are inflation-adjusted to 2021 dollars.

- Increase of North Dakota's Output by \$265 million, and an increase of North Dakota's GDP by \$158 million by 2024. Output measures the value of all goods and services, including business-to-business sales. GDP measures only value-added goods and services, or the value of the final product sold.
- Increase of North Dakotan's yearly Personal Income by a collective \$51.7 million, an average of \$57,480 per resident by 2024.
- Across all industries, there is an expected impact of 1,163 new jobs in the state, with businesses participating in the LIFT program expected to have created 702 new jobs by 2024. Over 430 of these jobs are projected to be in the Advanced Computing and Agriculture Technology industries. These 1,163 jobs include direct and indirect employment.

LIFT RECIPIENTS BY INDUSTRY



METHODOLOGY

The main idea behind economic impact analysis is that one more (or less) dollar spent in a local or regional economy results in a greater than one dollar change in economic activity in the area. The most common and widely respected method of examining such changes involves using economic models called input-output models. A key feature of input-output models is that they are ideally suited to capture the interdependence among different industries. Commerce utilized version 2.5 of the REMI Tax-PI model. Briefly, the REMI Tax-PI model is a sophisticated regional economic model that dynamically simulates the year-by-year economic effects of public policy initiatives and is widely used by state agencies and legislatures, universities and other organizations and experts. The REMI model is tailored to North Dakota using data from the Bureau of Census, the Bureau of Economic Analysis, the Bureau of Labor Statistics, the Energy Information Administration and other reliable data sources.

¹ For more information, contact Carla Valentine at crvalentine@nd.gov

LIFT SUCCESS EXAMPLES

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INNOVATE FACTS (2021-23 BIENNIUM)

72

**TOTAL
PARTICIPANTS**

23

**BUSINESSES
CURRENTLY
ENROLLED**

12

**PROGRAM
GRADUATES**

92%

**GRADUATES
STILL IN
BUSINESS**

FUNDING THE ENTREPRENEURIAL ECOSYSTEM IN NORTH DAKOTA

Innovate ND provides entrepreneurs access to venture tools, resources and mentorship. Some of the benefits include:

- Access to a certified entrepreneurial center
- Assistance on the Business Model Canvas, including value proposition and customer identification
- Business planning tools
- Prototype development
- Access to the statewide entrepreneurial ecosystem

ENTREPRENEUR CENTERS

These centers have dedicated staff to support and mentor entrepreneurs through the Business Model Canvas:

CTB
(Bismarck)

Jamestown Regional
Entrepreneur Center
(Jamestown)

NDSU Research and
Technology Park (Fargo)

UND Center for Innovation
(Grand Forks)

PROGRAM PHASES EFFECTIVE JULY 1, 2019

PHASES	ENTRY FEE	DOLLAR AWARD	MATCH CASH OR IN-KIND	PHASE LENGTH
1 - Voucher	\$250	\$2,000	Equal to 25% of award dollars reimbursed. Minimum of \$5,000 by end of Phase 3	3 Months
2 - Voucher		\$6,000		6 Months
3 - Voucher		\$12,000		6 Months
4 - Voucher		\$20,000	\$5,000	12 Months
TOTAL	\$250	\$40,000	\$10,000	27 Months

EXAMPLES OF SUCCESSFUL PROGRAM ENTREPRENEURS

Be More Colorful (BMC) — a Fargo-based tech startup that develops digitally immersive virtual reality experiences. CareerViewXR is a recently-launched community education product that focuses on providing virtual career exploration to students and career-seekers. CareerViewXR is set to launch more than 12 virtual experiences in 2021, including an exciting prototype project with the Fargo Police Department. “We’re so excited about CareerViewXR, which wouldn’t have been possible without funding and support from Innovate North Dakota,” CEO Matt Chaussee said. “This product is the future of our company and has amazing potential to help North Dakota students and job seekers see a bright and shining future for themselves in our state, too.”



PushSave® — a customized mobile coupon book designed to support high school sports teams and sports clubs across the U.S. with a simple, EASY to promote and manage fundraiser! Our mission is to be THE MOST uniquely designed fundraising solution that brings obvious value to consumers, organizations, and merchants.



Healthy Oilseeds LLC — a Carrington processor providing quality flaxseed and hempseed products from North Dakota growers. The company exports to 23 countries and does business in 49 states. Healthy Oilseeds was featured on the North Dakota Trade Office website on Dec. 3, 2020, on LinkedIn and was named the North Dakota Exporter of the Year in 2012.



In the Potter's Hand — a Pride of Dakota member located in North Dakota. In the Potter's Hand is a family-owned, farm-based business that offers unique, allergen specific products, including skin care, bath, baby and spa products while providing full disclosure on all ingredients used, providing a sense of confidence for those with allergies, multiple-chemical sensitivities or sensitive skin.

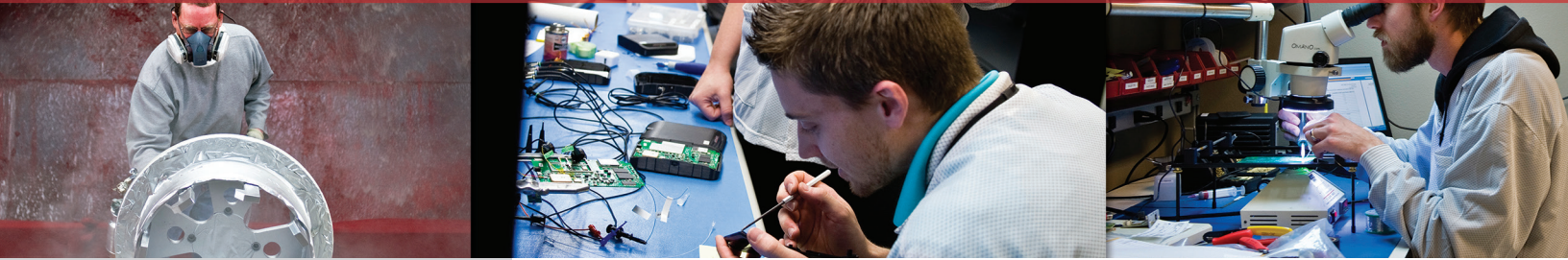


Rising Tide Software — a purpose Driven Fargo-based software development startup dedicated to improving the world by delivering innovative technology solutions. Rising Tide Software's first product, Major Incident Command Assist (MICA), is a communications and workflow platform that helps law enforcement manage major incident responses more safely, efficiently, and effectively. MICA supports the coordination of the collaborative efforts of numerous law enforcement agencies in response to major incidents such as child abductions and active shooter situations.



Thaea — a Fargo-based software development company specializing in router management software. Thaea has created RemoteWinBox and Admiral to help Internet Service Providers automate their network operations and provide management tools to their subscribers. InnovateND opened doors to global growth and helped Thaea define, reach, and educate its market. With thousands of customers around the world using the platform to simplify operations of providing internet, Thaea has allowed small operators to offer greater internet in rural areas. What began as a crucial, small role in creating a better internet network locally is now growing to connect everyone across the entire globe.





DEVELOPMENT FUND FACTS

9,182
JOBS
CREATED

878
PROJECTS
FUNDED

**PRIMARY
SECTOR**
ECONOMIC
DEVELOPMENT
TOOL

UPDATED 01/03/2023

ECONOMIC DEVELOPMENT TOOL

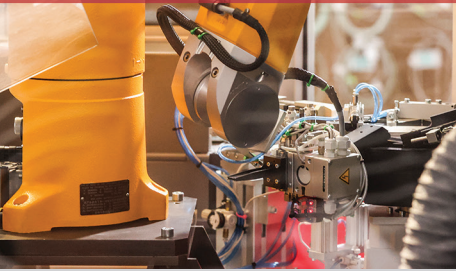
The North Dakota Development Fund was created through legislation in 1991 as an economic development tool. It provides flexible gap financing through debt and equity investments for new or expanding North Dakota primary sector businesses. The Development Fund makes investments of up to \$3 million. The board of directors may adjust the limit when deemed appropriate.

The following criteria apply to Development Fund investments:

- The entrepreneur must have a realistic financial commitment at stake. Usually, principals are required to have a minimum of 15% equity in the project.
- Refinancing of debt is not eligible.
- Principal shareholders with 20% or greater ownership are generally required to guarantee the debt. Other shareholders may also be required to guarantee.
- Financing is available to any North Dakota primary sector business project with the exception of production agriculture.
- Primary sector includes individuals and businesses which, through the employment of knowledge or labor, add value to a product, process or service which results in the creation of new wealth.
- Primary sector includes tourism and specific types of investor-owned agriculture, and is typically businesses such as manufacturers, food processors or export service companies. Investor-owned agriculture includes livestock feeding or milking operations or other value-added agriculture located apart from an individual farm operation that is professionally managed and has employees.
- Financing is available to any North Dakota licensed child care operator up to \$100,000.

"The Development Fund offers the financing resources needed to help support business startups and expansion projects that create jobs while also providing taxpayers with a strong return on investment. Businesses in need of equity financing can look to the Development Fund as a possible solution. The North Dakota Development Fund is a valuable tool in developing strategies for business growth."

North Dakota Governor Doug Burgum



INDUSTRY FACTS

\$4.63
BILLION
INDUSTRY
OUTPUT
2021

71%
GROWTH
TOTAL OUTPUT
2011-2021

82%
OF ND
EXPORTERS
ARE SMALL
BUSINESS

7.31%
INDUSTRY
OUTPUT
2021

MANUFACTURING OPPORTUNITIES

Strong market growth, both domestically and internationally, have contributed to a healthy manufacturing economy in the state. Advanced manufacturing companies doing business in North Dakota include Doosan (Bobcat), John Deere, CNH Industrial, Air Liquide and Caterpillar.

Due to an abundance of energy, a skilled workforce, and a business friendly climate (due in part to being the only state in the nation with its own state bank), North Dakota has enjoyed robust expansion in primary sector activity. Strong market growth, both domestically and internationally, has contributed to a healthy manufacturing economy.

Manufacturing and technology-based businesses in North Dakota face a serious threat from international competition. North Dakota manufacturers are not immune to the pressures of globalization and competition.

The Department of Commerce has concluded, through a combination of a manufacturing surveys and personal visits with manufacturing leaders across the state, that future expansion of our manufacturing sector will come not from labor growth, but rather from innovation and productivity gains, as well as a strong focus on developing foreign markets. State policy has been put into place to help stimulate and incentivize growth in this area.

PARTNERS

North Dakota Trade Office

The North Dakota Trade Office (NDTO) continues to increase its efforts to expand North Dakota's exports to high-demand foreign markets. In 2018, North Dakota led the nation in export growth, with a 35% increase over the previous year. Continued support and funding for the NDTO are essential to continued market growth for our state's manufacturers, producers and exporters. Find more information at www.NDTO.com.

Impact Dakota

Impact Dakota is the North Dakota delivery organization of the U.S. Department of Commerce's nationwide Manufacturing Extension Partnership (MEP) network. Its staff of experts provide specialized business consulting services to North Dakota-based manufacturing and ag-processing companies. Impact Dakota supports North Dakota manufacturers by conducting detailed needs assessments, outlines potential solutions and provides technical assistance to solve problems that deliver positive financial impacts. In 2021, clients reported \$30.1 million in gained and retained sales, \$2.9 million in cost savings, \$4.4 million in investments made, and 219 jobs created and retained as direct result of projects delivered by Impact Dakota.

TRADE AND TRANSPORT BY THE NUMBERS



Two Foreign Trade Zones



**Two Canada-Mexico
Trade Corridors**



**Top Five Export
Markets —** Canada,
Mexico, Australia, Germany,
Brazil



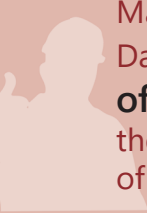
**Five International
Airports**



Two Major Interstates —
I-94 East/West and
I-29 North/South



**Two Mainline
Railroads —**
Burlington Northern Santa
Fe and Canadian Pacific



Manufacturers in North
Dakota account for **7.3%**
of the total output in
the state, employing 7.7%
of the workforce

Areas of service include, but are not limited to:

- Process Improvement
- Business Operations Optimization — Strategy, Structure, People, Methods, Communications, Metrics and Rewards
- Compliance and/or Certifications — Cybersecurity/CMMC, Food Safety, ISO, etc.
- Quality Management Systems
- Workforce Development
- Automation
- Performance Improvement: Growth Strategies and Innovation

STRATEGIC INCENTIVE ADVANTAGES

Workforce

- New Jobs Training Program — Grant program reimbursing employee withholding taxes
- Operation Intern – Grant program designed to create new internships and apprenticeships in North Dakota's target industries
- Career Builders Scholarship and Loan Repayment Program – Public/private matching fund program to promote skilled workforce jobs requiring a two-year degree or less

Financial Incentives

- North Dakota Development Fund — Gap financing loan and equity program
- PACE Program — Interest buy-down program at Bank of North Dakota
- MATCH Program — Loans at U.S. Treasury yield rate + 0.25%
- Financial Investment for Technology (LIFT) — Innovation loan fund to support technology. Low (0-2%) interest financing for research and development in target diversification sectors

Income Tax Exemptions

- Five-year corporate income tax exemption for new or expanding primary sector business

Sales Tax Exemptions

- Sales and use tax exemption on machinery and equipment
- Utilities are not taxed in state

Property Tax Exemptions

- Up to a five-year 100% property tax exemption
- Additional five years are available for agricultural processors
- Payment in lieu of a property tax exemption. A company may negotiate a fixed or graduated tax rate for a period not to exceed 20 years
- Personal property is not taxed, including equipment, materials in process and accounts receivable

Tax Credits

- Automation Tax Credit – Tax credit designed to promote factory automation in North Dakota
- Investment tax credits for business investors





INDUSTRY FACTS

ND RANKS
3RD
IN NATIONAL
OIL
PRODUCTION

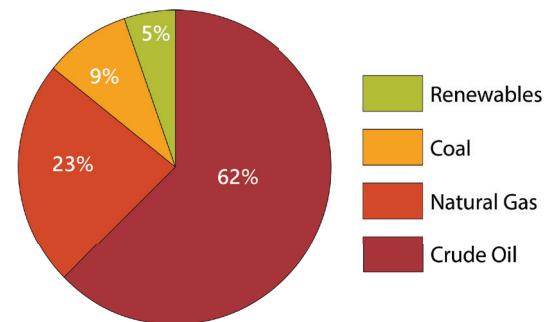
42.2
MILLION
MEGAWATT
HOURS OF
ELECTRICITY
GENERATED

5th
IN SHARE
OF WIND
GENERATED
ELECTRICITY

2nd
LARGEST
KNOWN LIGNITE
DEPOSIT IN THE
WORLD

North Dakota is the second-largest energy-producing state in the nation offering opportunities in oil and gas, coal and alternative energy production. North Dakota is a proactive producer and serves as a model in fostering innovative, long-term strategies to meet our nation's growing energy demand. The state strives with an "all of the above" approach in the development of its wide-ranging energy sector while meeting the need for energy security in an environmentally responsible manner. North Dakota offers a comprehensive package of incentives to stimulate growth in all energy sectors and creates a broad-based energy strategy that maximizes the state's resources.

NORTH DAKOTA TOTAL ENERGY PRODUCTION



ENERGY DEVELOPMENT INCENTIVES

Financial Incentives

- North Dakota Development Fund – Gap financing loan and equity program.
- Bank of North Dakota PACE Program – Interest buy down program.
- Bank of North Dakota Match Program – Loans at U.S. Treasury yield rate +0.25% to businesses other than retail that create new wealth, provide jobs and demonstrate considerable financial strength.
- Clean and Sustainable Energy program – Grant and funding options for research, development and commercialization of large scale innovative energy projects administered through the ND Industrial Commission.
- Renewable Energy Program – Grant and funding options to foster the development of renewable energy and related industrial technologies within a broad range of commercial applications. Overseen by the ND Industrial Commission.

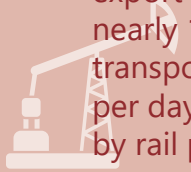
Property Tax Exemptions

- Up to five-year property tax exemption. Additional five years available for agricultural processors or projects located on property leased from a governmental entity.
- Payment in lieu of a property tax exemption, in full or part. A company may negotiate a fixed or graduated rate for a period not to exceed 20 years. A privilege tax may be applied to coal conversion facilities.
- Exemptions on all personal property from property taxation except that of certain oil and gas refineries and utilities.

Corporate Tax Exemptions

- Five-year corporate income tax exemption for new or expanding primary sector business.

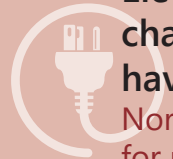
ENERGY HIGHLIGHTS



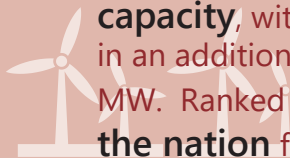
Williston Basin crude oil export capacity included nearly 1.5 million barrels transported by pipeline per day and 800K barrels by rail per day, totaling **nearly 2.3 million barrels per day.**



32 North Dakota facilities process natural gas and have a capacity of over four billion cubic feet per day.



Electric vehicle charging stations have doubled across North Dakota with plans for more.



In 2021, North Dakota had over **4,000 MW of installed wind capacity**, with interest in an additional 6,200 MW. Ranked **7th in the nation** for installed capacity share with 31% of total electric generation coming from wind.

Sales Tax Exemptions

- Sales and use tax exemptions on manufacturing and processing equipment.
- Sales and use tax exemptions may be granted for purchasing tangible personal property used to construct or expand electrical generating facilities, gas or liquefied natural gas processing facilities or oil refineries.
- Sales and use tax exemptions may be granted for purchasing tangible personal property used for carbon-dioxide enhanced oil or gas recovery, to extract or process by-products from coal gasification and to produce coal from a new mine.

Job Training Programs

- One-stop job training assistance – Both state and federal programs available for businesses.
- New Jobs Training Program – Grant program utilizing employee withholding tax.

SUPPORTING INFRASTRUCTURE

29,655 Miles of Pipeline

- 17 major crude oil pipelines, including Enbridge, Keystone, Marathon Petroleum and Dakota Access.
- Nine natural gas pipelines, including Alliance, Northern Border and WBI Energy.
- Four product pipelines, including Cenex, Kinder Morgan Cochin, Magellan, and NuStar Energy.

North Dakota Port Services Inc. Serviced by BNSF

- Adjacent to mainline switch yard.
- Daily service and highway access.
- Fully operational intermodal facility with LNG capacity.

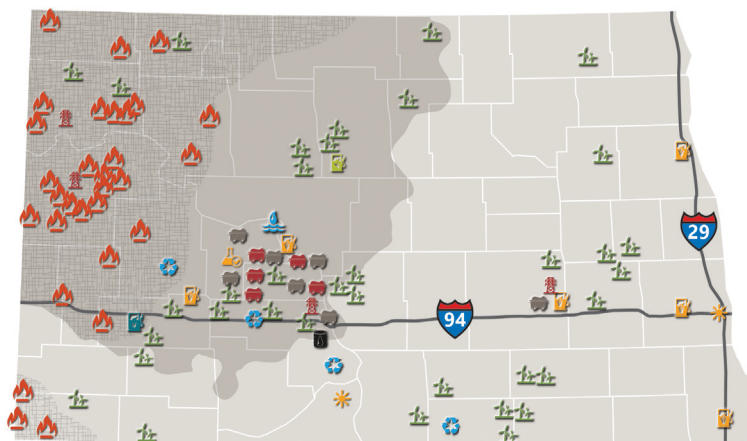
Rail Services

- Class 1 Carriers – BNSF and Canadian Pacific.
- Four regional lines.
- 38 container service/transloading facilities.
- 42 loop/ladder tracks.

Electrical Capacity

- More than 42 million megawatt hours of electricity generated annually.
- More than half of state's generated electricity is exported.

NORTH DAKOTA ENERGY SITES



NATURAL GAS PROCESSING	COAL-BASED GENERATION	LIGNITE MINE	HYDRO POWER
WIND FARM	SYNFUELS PLANT	ETHANOL PLANT	PETROLEUM REFINERY
SOLAR FARM	BIODIESEL PLANT	RECOVERED ENERGY GENERATION	PEAKING STATION
BAKKEN FORMATION	RENEWABLE DIESEL REFINERY		OIL FIELDS



FACTS

35K
OPEN JOBS
IN NORTH
DAKOTA

ONLY
22%
OF U.S.
RESIDENTS
SURVEYED ARE
FAMILIAR WITH
ND

68%
OF U.S. RESIDENTS
SURVEYED WOULD
CONSIDER ND

FIND THE GOOD LIFE — STRATEGIC MARKETING AND RECRUITMENT CAMPAIGN

The North Dakota Department of Commerce Workforce and Tourism and Marketing divisions have partnered with national talent attraction agency RoleCall to develop a comprehensive talent attraction marketing campaign built around the established [Find the Good Life](#) brand. The purpose of this initiative is to change perceptions of our state, improve awareness and showcase the best of life in North Dakota.

Advertising that targets four personas: boomers, young families, recent college graduates, and veterans, aims to drive traffic to the refreshed [findthegoodlife.com](#) website. The website includes a [relocation help desk](#) that provides a personalized relocation assistance service for prospective residents. The personalized service begins with a series of questions that includes basic information pertaining to relocation such as career goals, hobbies, and interest in specific areas of North Dakota. This information is used to connect potential new workers to more than 60 community champions who assist with details on their community.

This first-of-its-kind state program ushers potential workers through the sales funnel and connects them to communities and employers that fit their long-term needs.

EARLY RESULTS

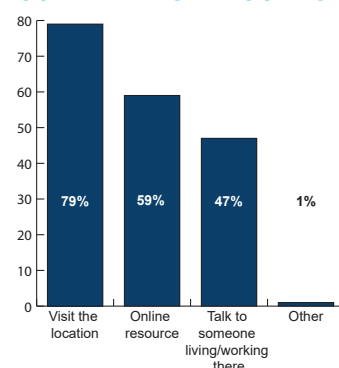
Top States:

- FL
- CA
- TX
- OH
- GA

Top Industries:

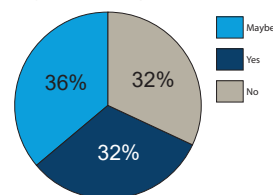
- Health Care
- Skilled Trades
- Sales and Marketing
- Manufacturing
- Social Services
- Transportation

MOST USEFUL TOOLS WHEN CONSIDERING RELOCATION



INTEREST IN RELOCATING TO NORTH DAKOTA

Q: If a job opportunity that matched your skill and salary requirements were offered to you in North Dakota, would you be willing to relocate?



24% of respondents report that they would not be willing to relocate to North Dakota because of the climate. Other top reasons preventing relocation: too far from family/friends and unknown.*

*Based on a 2022 national consumer perception study on ND

**\$438,000 marketing
campaign has delivered**

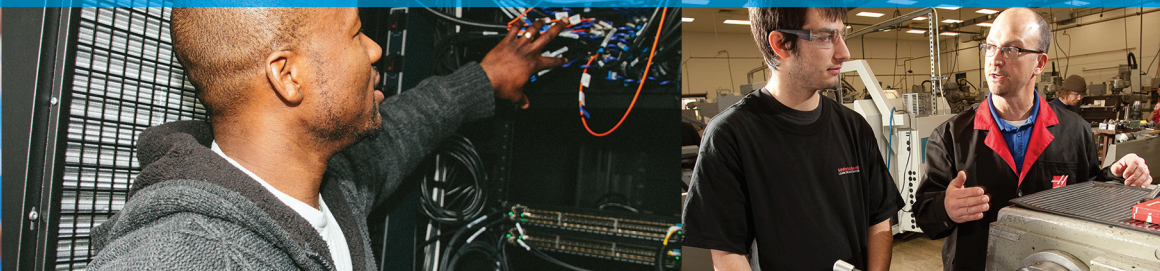
More than
10 million
impressions

Nearly 2 million
video completions

5,000
conversions

53,000 clicks to
website

UPDATED 01/06/2023



FACTS

78%

ND HIGH
SCHOOL
STUDENTS IN
CTE COURSES

1,350

RELEASED
ANNUALLY
FROM ND
CORRECTIONAL
FACILITIES

620

WIOA
PARTICIPANTS

**20+
PROGRAMS**

SUPPORTED
BY TECHNICAL
SKILLS GRANT
IN 2020

ROLE OF WORKFORCE DEVELOPMENT COUNCIL

The role of the North Dakota Workforce Development Council is to advise the governor and the public concerning the nature and extent of workforce development in the context of North Dakota's economic development needs, and how to meet these needs effectively while maximizing the efficient use of available resources and avoiding unnecessary duplication of effort.

The Workforce Development Council consists of more than 30 members, with representation from industry; K-12, post-secondary and career and technical education; organized labor; Workforce Innovation and Opportunity Act state workforce partners and local and state elected officials.

LETTER FROM THE CHAIR

As chair of the North Dakota Workforce Development Council, I am pleased to forward 10 recommendations and four endorsements that the council believes can help address the greatest workforce challenges faced by the state of North Dakota today and in the coming years. These recommendations fall under four themes: earlier and more diverse career exploration, addressing the technical skills gap; removing barriers to employment; occupational licensing reform; and recruitment and retention of North Dakota workers.

David E. Innsworth

WDC MEMBER LOCATIONS



Council members represent large and small communities across the state.



FACTS

3,780

INTERNSHIP
POSITIONS
ASSISTED

481

BUSINESSES
PARTICIPATING
SINCE 2007

\$4,000

MATCHING
FUNDS
AVAILABLE

"Interns are an important part of OmniByte history and future. I have been utilizing the Operation Intern program nearly since its inception. I have been a big supporter of having a solid internship program where we provide real-world work for students while realizing value-added output from them."

– President and CEO Ray Berry of OmniByte Technology

Attracting workers to North Dakota is essential in helping to meet the state's current and future workforce needs. Internships provide a valuable way for students to make connections with businesses and identify career options in North Dakota. Operation Intern is designed to expand the number of internships, work experience and apprenticeship positions with North Dakota employers.

The program's primary focus is employers in the state's targeted industries: energy, advanced manufacturing, value-added agriculture, tourism and technology-based businesses. Funding may also be granted for other in-demand occupations on the Workforce Development Council's In-Demand Occupations Annual List. Government entities and non-profits do not qualify for the program, with the exception of the tourism and health care industries.

North Dakota businesses receive up to \$4,000 in matching funds for the internships. Funding can be used for items needed for the intern to perform their internships, like wages, tools and equipment, essential training or tuition reimbursement. The funding is a one-to-one match.

The Workforce Development Division of the North Dakota Department of Commerce manages Operation Intern.

UPDATED 01/04/2023

"This apprenticeship program is important as this is a growing and important field with a limited number of graduates. It allows us to select solid employees and offer them the opportunity to develop new skills and earn higher wages."

– Human Resources Manager Vicki Ham with Marvin Windows

FACTS

\$850K

ANNUAL
FUNDING

2,400

AMERICORPS
MEMBERS IN
ND

**2.7
MILLION**

HOURS OF
SERVICE

**\$6.2
MILLION**

IN EDUCATION
AWARDS

MEETING NEEDS IN NORTH DAKOTA

Last year more than 200 Americans of all ages and backgrounds met local needs, strengthened communities, and expanded economic opportunity through national service in North Dakota. The AmeriCorps Agency invested more than \$3.4 million in federal funding to support cost-effective community solutions, working hand in hand with local partners to empower citizens to solve problems.

AMERICORPS: HELPING COMMUNITIES

AmeriCorps state programs address critical needs specific to communities located in North Dakota. Programs are open to U.S. citizens, nationals, or lawful permanent resident aliens age 17 and older. Members may serve full or part-time over a period not to exceed 12 months. Individuals can serve as AmeriCorps members in North Dakota depending on the location of currently funded AmeriCorps projects. AmeriCorps grants provide assistance to eligible organizations and agencies to recruit, train and supervise AmeriCorps members in meeting critical community needs in the areas of:

- Education
- Disaster services
- Health
- Environmental stewardship
- Economic opportunity
- Service to veterans and military families

MEMBERSHIP BENEFITS

- Living allowances (established by project)
- Education awards for members (not to exceed the maximum federal college Pell Grant)
- Career development for members
- Community volunteer activity required by many colleges and universities

FULFILLING A NEED

ServeND conducts an annual competition for AmeriCorps funding. The following types of organizations and agencies are eligible to participate:

- State and local nonprofit organizations
- Community and faith-based organizations
- State, local and higher education institutions
- State and local governments
- U.S. territories

DID YOU KNOW



218,019 volunteers
contribute 15.6 million
hours of service statewide



Ranked 11th in the
nation, 37.4% of North
Dakota residents volunteer



Volunteer service is
worth an estimated
\$377.8 million



65.2% of state residents
do favors for neighbors



25.5% of state residents do
something positive for
the neighborhood



39.7% of state residents
participate in local
groups or organizations



62.6% of state residents
donate \$25 or more to
charity

PARTICIPATE AS AN ORGANIZATION

Serve ND is leading the challenge in our state to serve communities in need. The goal is to provide resources such as AmeriCorps funding to eligible North Dakota organizations and agencies committed to providing service. AmeriCorps funding helps organizations and agencies recruit, train and supervise AmeriCorps members to meet critical community needs.

AMERICORPS

AmeriCorps members meet pressing local needs across North Dakota, making a lasting impact in communities while gaining valuable skills and experience to advance their careers.

AmeriCorps members serve in one of three programs: AmeriCorps National Civilian Community Corps (NCCC), AmeriCorps state and national and AmeriCorps Volunteers In Service To America (VISTA). All programs engage volunteers at locations across the country through nonprofits, schools, public agencies, tribes, and community and faith-based groups.

- AmeriCorps State and National members engage in a diverse range of service projects at local and national organizations to address critical community needs of disaster services, economic opportunity, education, healthy futures, environmental stewardship and veterans and military families. Most AmeriCorps grant funding goes to the North Dakota State Commission on National and Community Service, the Governor-appointed State Service Commission, which in turn awards grants to organizations to respond to local needs.
- AmeriCorps VISTA taps the skills, talents, and passion of Americans of all ages to support community efforts to overcome poverty.
- AmeriCorps NCCC strengthens communities and develops leadership skills by contributing to public safety, environment, and disaster projects through direct, team-based service. Federal Emergency Management Agency (FEMA) Corps, a unit of NCCC, focuses solely on disaster preparedness, response, and recovery.

In exchange for their service, AmeriCorps members earn a Segal AmeriCorps Education Award that can be used to pay for trade school, college, graduate school, or to pay back qualified student loans. Since 1994, more than 2,400 North Dakota residents have served approximately 2.7 million hours and earned education awards totaling more than \$6.2 million.





INDUSTRY FACTS

**21.7
MILLION**
ANNUAL
VISITORS

**\$2.6
BILLION**
IN VISITOR
SPENDING

**MORE
THAN
2,900**
RELATED
BUSINESSES AND
ORGANIZATIONS

**MORE
THAN
41K**
JOBS

TOURISM DIVERSIFIES NORTH DAKOTA'S ECONOMY

Tourism links communities, supports main streets, sparks economic diversification and defines our image – how we see ourselves and how others see us. It is a significant economic driver.

Residents in every community, large and small, rural and urban, benefit from visitor spending and tourism activities.

North Dakota's tourism sector comprises five industries: lodging, food/beverage, recreation/arts/entertainment, transportation and retail. From restaurants to museums, service stations to golf courses.

TOURISM IS AN EXPORT COMMODITY

North Dakota's visitor economy grows when more people travel to and within the state, and visitors interact more with a destination. Shopping, dining, purchasing transportation and lodging, buying event tickets, attending galleries, performances and sporting events and other activities all contribute to a stronger visitor economy.

FAST FACTS ABOUT NORTH DAKOTA'S TOURISM INDUSTRY

REVENUE SOURCE

Travel and tourism generated \$2.61 billion in direct visitor spending and \$237 million in visitor paid taxes to the state's economy in 2021.

SUPPORTS LOCAL BUSINESS

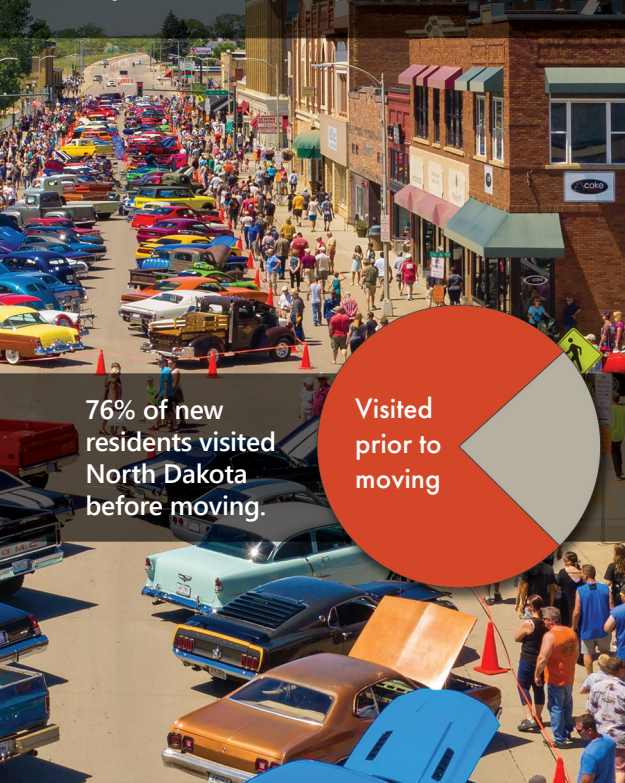
Tourism is a significant revenue source for hotels, lodges, restaurants, museums, art galleries, parks, fishing and hunting outfitters, casinos, sporting events, retail outlets, coffee shops, festivals, craft shops, golf courses and many other businesses. In 2021, there were more than 21.7 million visitors to and through North Dakota.

ECONOMIC DRIVER

There are more than 2,900 businesses and organizations offering countless attractions, events and tourism-related activity in the state.

TOURISM IS A GATEWAY TO ECONOMIC AND WORKFORCE DEVELOPMENT

Businesses don't build in a location they know nothing about. People don't move to a location they've never visited. Tourism marketing and visitation are a gateway to a number of key economic development measures.



76% of new residents visited North Dakota before moving.

Visited prior to moving

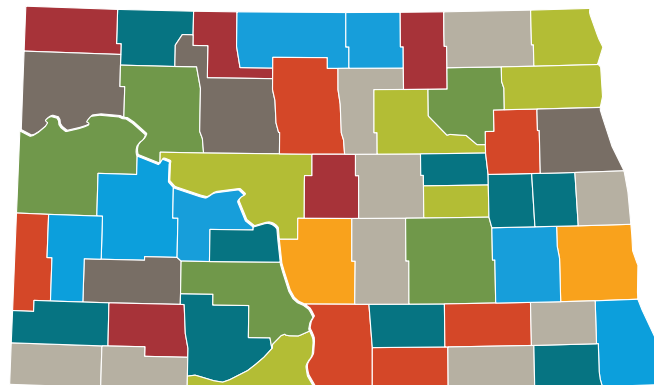


15.22 million video completions

Research on the 2021 paid advertising campaign showed that 1.4 million trips were motivated due to advertising. Visitors reported spending \$241.9 million in incremental spending. Every dollar invested in the 2021 ND advertising campaign generated \$34 in direct visitor spending and \$3 in tax contributions.

VISITOR SPENDING BY COUNTY

- Under \$2m
- \$2-4m
- \$4-8m
- \$8-16m
- \$16-30m
- \$36-100m
- \$100-400m
- \$400-850m



Travel and tourism benefits every county in North Dakota, creating jobs, generating sales across dozens of sectors and improving our quality of life.

VISITOR SPENDING BRINGS OUTSIDE DOLLARS INTO NORTH DAKOTA'S ECONOMY, GENERATING TAX REVENUE, ADDITIONAL BUSINESS INCOME, JOBS AND A MORE DIVERSE ECONOMY.



**\$384
MILLION**
IN LODGING



**\$767
MILLION**
IN FOOD AND
BEVERAGE



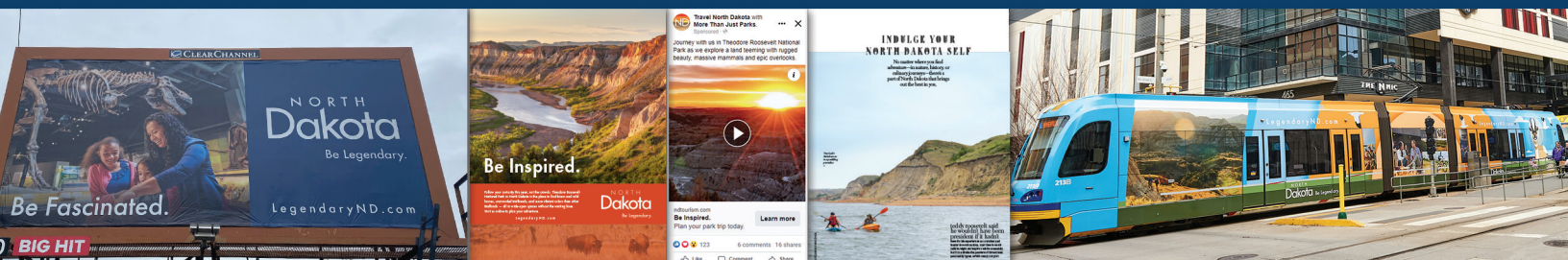
**\$521
MILLION**
IN
TRANSPORTATION



**\$374
MILLION**
IN RECREATION



**\$565
MILLION**
IN RETAIL



AD EFFECTIVENESS

13%

AVERAGE IMAGE
LIFT FROM
ADVERTISING
AWARENESS

MORE THAN
2 MILLION
VISITS TO
NDTOURISM.COM
IN 2022

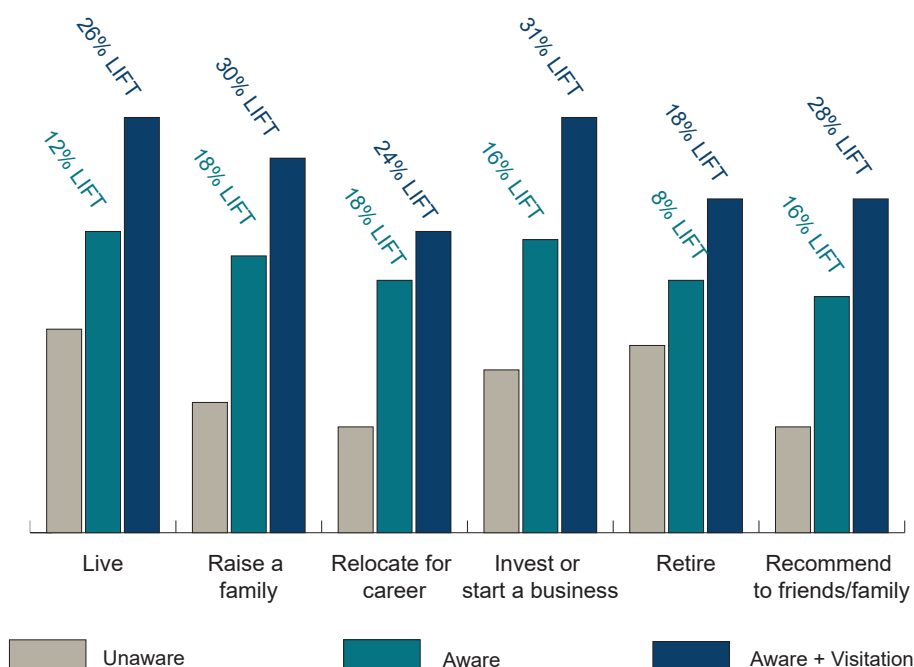
DIGITAL
CAMPAIGN HAD
15 MILLION
VIDEO
COMPLETIONS

1.4
MILLION
ADDITIONAL
ADVERTISING-
MOTIVATED
TRIPS

TOURISM ADVERTISING ELEVATES NORTH DAKOTA'S IMAGE

Advertising is a powerful tool with the ability to change perceptions, attitudes and behaviors. Research shows that North Dakota Tourism's promotional campaigns create a "halo effect" that lifts image and diversifies the economy through increased visitation and makes North Dakota a more favorable place to visit, live, raise a family, work or advance your career, or invest or grow a business.

HALO EFFECT OF NORTH DAKOTA TOURISM MARKETING

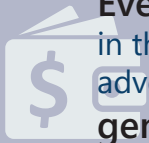


A recent national perception study confirmed North Dakota lacks general awareness and there is potential to influence the state's public image. North Dakota's destination advertising has a positive impact on overall image lift and perception of economic development attributes. Tourism advertising is the most visible and cost-effective tool for reaching those who can be motivated, not only to visit our state, but to consider North Dakota for relocation or business building.

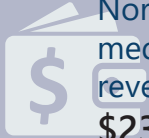
WHY INVEST IN MARKETING?



Tourism marketing supports North Dakota entrepreneurs and businesses by raising awareness of North Dakota.



Every dollar invested in the 2021 tourism advertising campaign generated **\$34** in direct visitor spending.



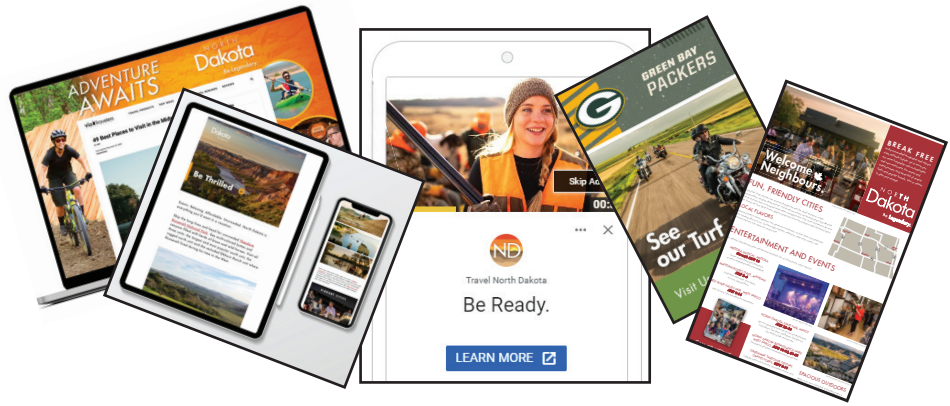
Every dollar invested in North Dakota Tourism paid media returns \$3 in tax revenue resulting in **\$23.5 million** in visitor-paid taxes.



Tourism marketing supports North Dakota's vibrant communities with visitation and spending in all 53 counties.

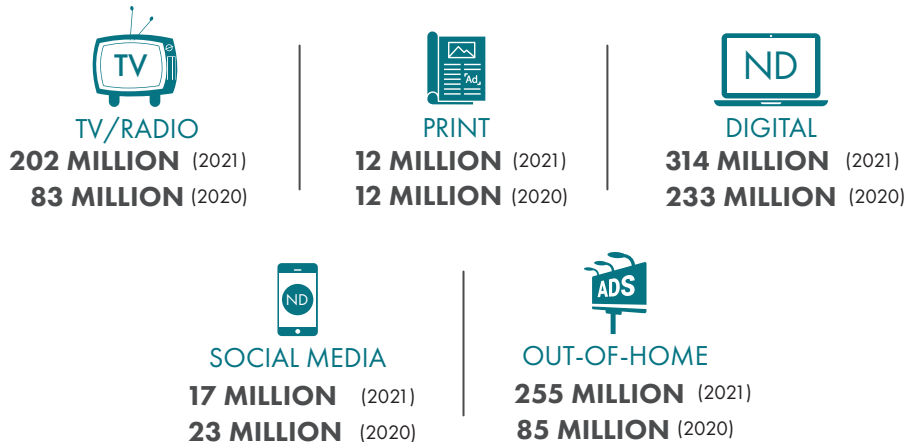


There are more than **41K** visitor-supported jobs and 2,968 tourism-related businesses in North Dakota.



SOLID ADVERTISING OUTREACH

Research on the effectiveness of the 2021 paid advertising campaign showed that 1.4 million additional trips were motivated due to advertising. Visitors reported spending a total of \$241.9 million in incremental spending, of which \$23.5 million was state and local taxes paid. Here is how far the North Dakota Tourism campaign has reached over the last couple of years.



EARNED MEDIA TELLS THE NORTH DAKOTA STORY

Proactive outreach to national and global media resulted in 4,019 national media instances, up 821% over 2021. Dedicated national PR firm and targeted efforts created additional media opportunities and reach on North Dakota's stories. Total instances reached 20.2 billion. Additionally, 96 global stories reached 224 million. This coverage improves awareness of our state and elevates our image across all Commerce focus areas.





NORTH DAKOTA **DEVELOPMENT FUND**

ANNUAL REPORT 2021

SUPPORTING BUSINESS GROWTH THROUGH FINANCING AND INVESTMENT

TABLE OF CONTENTS

Development Fund Board Members 2

Development Fund Staff 2

Funds and Programs 3

Letter from the CEO 6

Development Fund: By the Numbers 7

Development Fund Investment Locations8

Development Fund Projects 9

FINANCIALS

Independent Auditor’s Report10

Financial Statements

 Condensed Statement of Net Position15

 Condensed Statement of Revenues, Expenses and Changes in Net Position16

 Statements of Net Position17

 Statements of Revenues, Expenses and Changes in Net Position..... 18

Combining Financial Statements and Supplementary Information

 Combining Statements of Net Position..... 29

 Combining Statements of Revenue, Expenses and Changes in Net Positions 30

 Combining Statements of Cash Flows 31

Schedule of Findings and Responses.....34

DEVELOPMENT FUND BOARD MEMBERS

The governor appoints an eight-member board of directors that oversee the North Dakota Development Fund (NDDF). Each member represents a different business sector from the state.

Jim Albrecht – Wahpeton
President
Manufacturing/Rural Representative

Gary Goplen – Fargo
Finance Sector

Terri Zimmerman – Fargo
Vice President
Industrial Technology and Research Sector

Erik Barner – Fargo
Finance Representative

Matt Dunlevy – Grand Forks
Secretary/Treasurer
Industrial Technology and Research Sector

Shawn Kessel – Bismarck
North Dakota Department of Commerce COO
Agency

Rob Lindberg – Bismarck
Industrial Technology and Research
Sector

Nathan Davis – Belcourt
Native American Representative
Executive Director North Dakota Indian Affairs

DEVELOPMENT FUND STAFF

Jessica Nygaard
CEO
(701) 328.7251 | jnygaard@nd.gov

Hannah Lange
Venture Financing Manager
(701) 328.7254 | hlange@nd.gov

A TOOL FOR ECONOMIC DEVELOPMENT

The North Dakota Development Fund was created through legislation in 1991 as an economic development tool. It provides flexible gap financing through debt and equity investments for new or expanding North Dakota primary sector businesses.

The Development Fund makes investments of up to \$3 million. The board of directors may adjust the limit when deemed appropriate. In general, the following criteria apply to Development Fund investments:

- The entrepreneur must have a realistic financial commitment at stake. Usually, principals are required to have a minimum of 15% equity in the project.
- Refinancing of debt is not eligible.
- Principal shareholders with 20% or greater ownership are generally required to guarantee the debt. Other shareholders may also be required to guarantee.
- Financing is available to any primary sector business project with the exception of production agriculture.
- Primary sector includes individuals and businesses which, through the employment of knowledge or labor, add value to a product, process or service which results in the creation of new wealth. Primary sector includes tourism and specific types of investor-owned agriculture, and is typically businesses such as manufacturers, food processors or export service companies. Investor-owned agriculture includes livestock feeding or milking operations, or other value-added agriculture located apart from an individual farm operation that is professionally managed and has employees.
- Tourism, specific types of value-added agriculture and investor-owned agriculture can also qualify as primary sector.



Loan and equity programs managed by the North Dakota Development Fund include:

- North Dakota Development Fund
- Regional Rural Revolving Loan Fund
- Rural Incentive Growth Loan Program
- Child Care Loan Program
- Venture Capital Program
- Small Business Technology Program

The fund provides “flexible financing” through loans and equity investments not available from most conventional lenders and is available to any primary sector business with the exception of production agriculture.

The North Dakota Development Fund coordinates efforts between all the sources of financing, the business and the community. Any project considered for this financing must be feasible and have a reasonable chance of succeeding.

A TOOL FOR ECONOMIC DEVELOPMENT

NORTH DAKOTA DEVELOPMENT FUND

DEBT		EQUITY	
BORROWER	Any primary sector business	BORROWER	Any primary sector business or an investment vehicle for investment into a primary sector business
FUNDING LIMIT	Up to \$3 million. Average loan: \$300,000	FUNDING LIMIT	Up to \$3 million. Average convertible note: \$250,000
INTEREST RATE	Subject to risk of project	MINIMUM EQUITY REQUIREMENT	15%
TERM	1-10 years, dependent upon project	QUALIFICATIONS	A North Dakota business
MINIMUM EQUITY REQUIREMENT	15%	COST AND FEES	1% of capital deployed
PERSONAL/CORPORATE GUARANTEES	Yes	MISCELLANEOUS	In cases of a preferred security or convertible note: Risk Rating: Interest/Dividend Rate Term: 1-10 years, dependent upon project
COST AND FEES	1% of capital deployed		

REVOLVING RURAL LOAN FUND

DEBT		EQUITY	
BORROWER	Any primary sector business	BORROWER	Any primary sector business or an investment vehicle for investment into a primary sector business
FUNDING LIMIT	Up to \$3 million. Average loan: \$300,000	FUNDING LIMIT	Up to \$3 million. Average convertible note: \$250,000
INTEREST RATE	Subject to risk of project	MINIMUM EQUITY REQUIREMENT	15%
TERM	1-10 years, dependent upon project	QUALIFICATIONS	A North Dakota business
MINIMUM EQUITY REQUIREMENT	15%	COST AND FEES	1% of capital deployed
PERSONAL/CORPORATE GUARANTEES	Yes	MISCELLANEOUS	In cases of a preferred security or convertible note: Risk Rating: Interest/Dividend Rate Term: 1-10 years, dependent upon project For business located in cities with a population of less than 8,000 or more than five miles outside city limits
COST AND FEES	1% of capital deployed		
MISCELLANEOUS	For business located in cities with a population of less than 8,000 or more than five miles outside city limits		

A TOOL FOR ECONOMIC DEVELOPMENT

RURAL INCENTIVE GROWTH PROGRAM

BORROWER	Cities with population of less than 2,500
FUNDING LIMIT	Maximum of \$75,000
INTEREST RATE	Lower than market rate – subject to risk of project
TERM	Working capital 1-3 years Equipment 3-5 years Real estate 7-10 years
MINIMUM EQUITY REQUIREMENT	N/A
PERSONAL/CORPORATE GUARANTEES	Yes
QUALIFICATIONS	A North Dakota business that provides a community an essential service with ND Dept. of Commerce Commissioner approval
COST AND FEES	1% of original loan amount
MISCELLANEOUS	The loan is made to the city which in turn loans to the business Does not have a job requirement

CHILD CARE LOAN PROGRAM

BORROWER	Any licensed child care provider
FUNDING LIMIT	Maximum of \$100,000 or availability of funds
INTEREST RATE	2.5% - Fixed
TERM	Working capital 1-3 years Equipment 3-5 years Real estate 7-10 years
MINIMUM REQUIREMENT	N/A
PERSONAL/CORPORATE GUARANTEES	Yes
QUALIFICATION	A licensed North Dakota child care provider
COST AND FEES	Negotiable
MISCELLANEOUS	Does not have a job requirement

SMALL BUSINESS TECHNOLOGY PROGRAM

BORROWER	Any primary sector technology business at the start-up stage
FUNDING LIMIT	\$50,000
INTEREST RATE	Lower than market rate – subject to risk of project
TERM	1-10 years, dependent upon project. Investment funds may be used for: Developing a proof of concept Working capital Equipment Real estate
MISCELLANEOUS	Detailed documentation of the availability of two (\$2) dollars of angel fund investment matching funds for each dollar (\$1) of state funds distributed under this program. The matching funds must be cash, come from a North Dakota Angel Fund certified under section 57-38-01.26, and may not be an in-kind asset.

LETTER FROM THE CEO



The North Dakota Development Fund invested \$2,300,723 in 10 primary sector and child care projects from July 1, 2020, to June 30, 2021. The Development Fund coordinates efforts between all the sources of financing, the business, and the community. The fund provides “flexible financing” through loans and equity investments not available from most conventional lenders and is available to any primary sector business with the exception of production agriculture.

The Development Fund reported an estimated operating income of \$686,551 before bad debt expense as of June 30, 2021, fiscal year-end, as compared to \$600,167 for the fiscal year ending June 30, 2020. The increase in the operating income in 2021 was attributable to a decrease in general and administrative expenses caused by COVID-19 travel restrictions and transitioning to working from home. The Development Fund continues to pay all costs of operating the fund, including salaries and benefits. The cash flow generated from principal and interest collections continues to be strong at \$5.8 million. The Development Fund continues to be a revolving loan fund as the fund has collected \$9.9 million over the past two years, which in turn can be used for future loan and equity investments.

The total revenue increased by \$82,550 from 2020 to \$988,616 in 2021. Change in cash and cash equivalents decreased from 2020 by \$7,155,524 to \$13,161. This large decrease is due to the \$15 million transfer provided for in HB 1014 of the 2019 legislative session. Excluding the transfer from HB 1014, the cash flow increased by \$7,844,476 in 2021. The fund collected \$5,252,145 in principal payments in 2021, which was an increase of \$2,435,416 from 2020. The increase in total and in operating revenue is attributable to an increase in dividend/interest income received from investments/loans and an increase in other income. The Development Fund also suspended loan payments for three months in 2020 due to the COVID-19 pandemic which impacted the repayment of principal on loans. General and administrative expense decreased by \$62,614 from \$391,698 in 2020 to \$329,084 in 2021. This decrease was attributable to the pandemic which reduced travel, paused in-person board meetings, and reduced other operating expenses.

Since the fund’s inception, it has invested \$157 million in 866 projects with over \$52.3 million invested in rural communities. Fund investments have contributed to the projected creation of 9,127 primary sector jobs. The Development Fund helped nine businesses start or expand operations this fiscal year. Of the nine businesses, two were in rural communities.

In providing flexible financing, the Development Fund helped primary sector and child care businesses start up or expand, which in turn created new jobs and generated new revenues. What follows are the highlights of the 2020-2021 fiscal year along with the accompanying financial statements.

Jessica Nygaard, CEO
North Dakota Development Fund

NORTH DAKOTA DEVELOPMENT FUND

By the Numbers

Development
Fund inception:

1991



\$5.9:\$1

return on investment

8,553 primary
sector jobs created
since fund inception

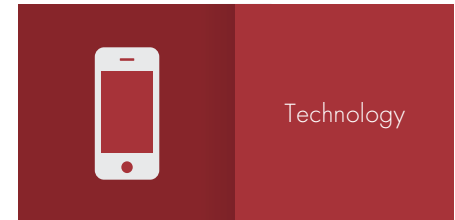


866

PROJECTS

Investing in **866**
North Dakota projects
since inception

Business sectors include:



Technology



Value-Added
Agriculture



Value-Added
Energy



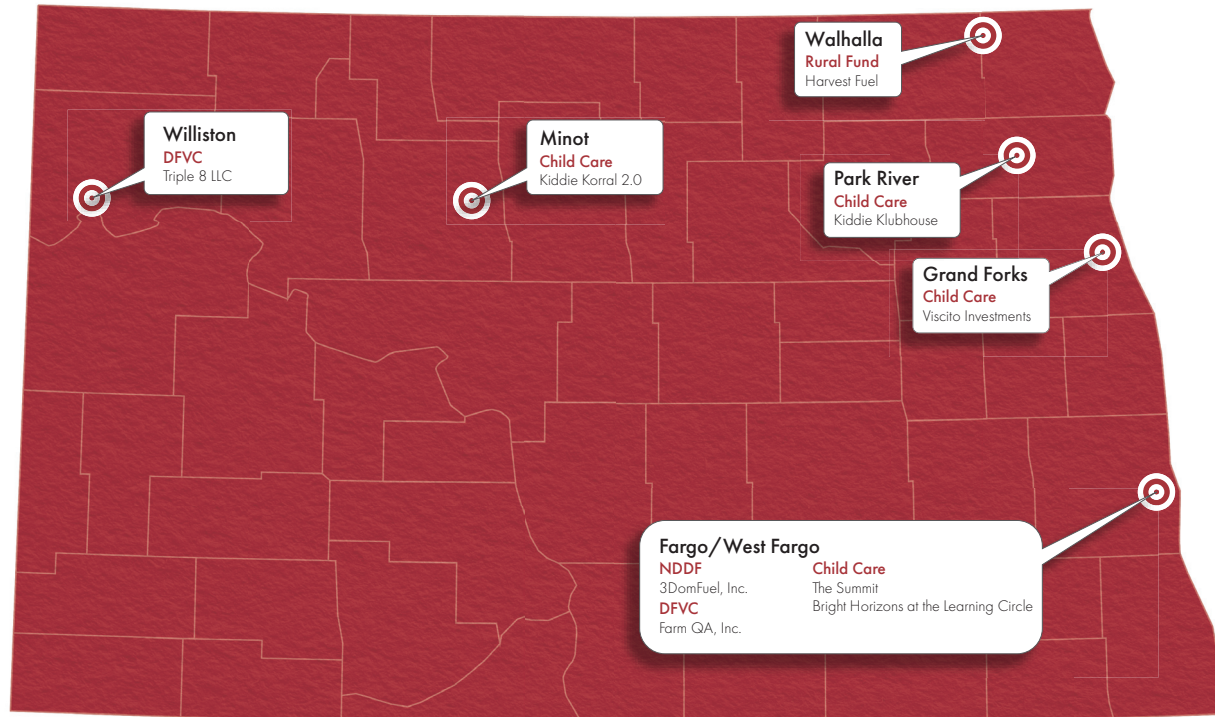
Manufacturing



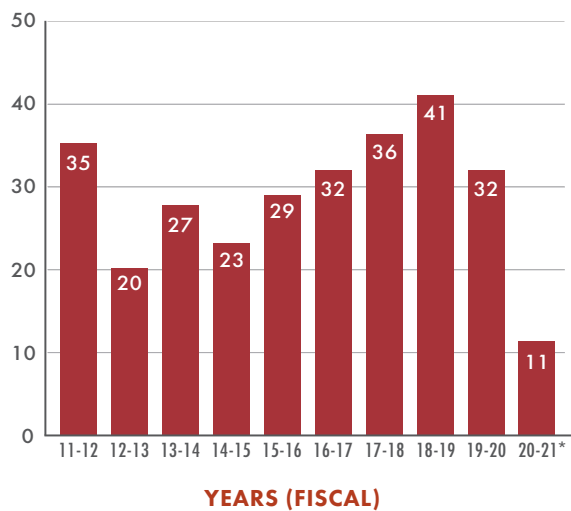
Child Care

NORTH DAKOTA INVESTMENT LOCATIONS

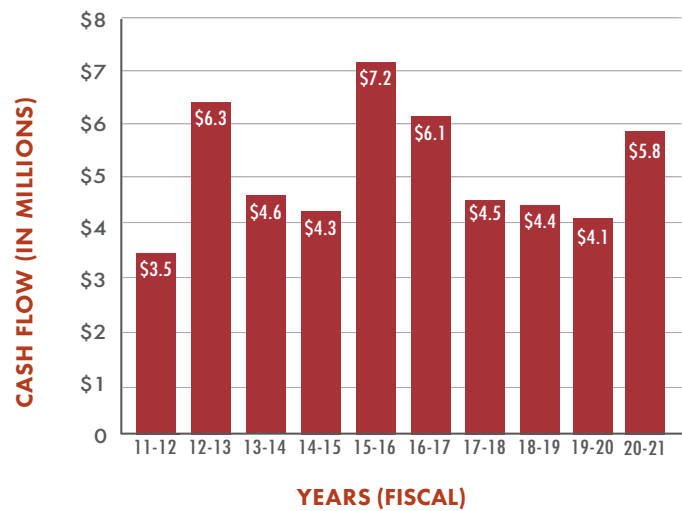
July 1, 2020–June 30, 2021



**Number of
Development Fund Projects**



Development Fund Cash Flow



The North Dakota Development Fund has averaged \$5 million in collections in the past 10 years. The Development Fund continues to revolve and the funds collected continue to be used to fund future loan and equity investments in the state.

DEVELOPMENT FUND PROJECTS

July 1, 2020–June 30, 2021

Company	City	Amount of Funding
Harvest Fuel	Walhalla	\$170,785
The Summit	West Fargo	\$50,000
Triple 8, LLC Wellspring Hydro	Williston	\$750,000
Viscito Investments	Grand Forks	\$100,000
3DomFuel Inc.	Fargo	\$17,938.10
Bright Horizons at the Learning Circle	Fargo	\$50,000
Kiddie Korral 2.0	Minot	\$70,000
3DomFuel Inc.	Fargo	\$245,000
Kiddie Klubhouse	Park River	\$97,000
FarmQA, Inc.	Fargo	\$750,000

Total: \$2,300,723

* Numbers in the table above differ from ones represented in the audit due to conflicting data methodology.



INDEPENDENT AUDITOR'S REPORT

Governor of North Dakota
The Legislative Assembly

To the Board of Directors
North Dakota Development Fund, Inc.
Bismarck, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the North Dakota Development Fund, Inc (the Corporation), a component unit of the State of North Dakota as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Development Fund's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and adverse audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Business-Type Activities	Unmodified
Remaining Fund Information	Adverse

Basis for Adverse Opinion on Aggregate Remaining Fund Information

Management has not included the New Venture Capital Fund in the Corporation's financial statements. Accounting principles generally accepted in the United States of America require the New Venture Capital Fund to be presented as a custodial fund. The amount by which this departure would affect the assets, liabilities, net position, revenues, and expenses of the business-type activities and the omitted fund has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Remaining Fund Information" paragraph, the financial statements referred to above do not present fairly the fiduciary position of the New Venture Capital Program Fund of the North Dakota Development Fund, Inc. as of June 30, 2021 and 2020, or the changes in fiduciary net position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the North Dakota Development Fund, Inc. as of June 30, 2021, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of North Dakota Development Fund, Inc as of June 30, 2020 were audited by other auditors whose report dated December 4, 2020 expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the financial statements present only the North Dakota Development Fund, Inc. and do not purport to, and do not, present fairly the financial position of the State of North Dakota as of June 30, 2021, the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The combining financial statements shown on pages 20 through 22 are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

December 3, 2021

NORTH DAKOTA DEVELOPMENT FUND, INC
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 AND 2020

The discussion and analysis of the financial performance of the North Dakota Development Fund, Inc. that follows is meant to provide additional insight into the Development Fund's activities for the year ended June 30, 2021. Please read it in conjunction with the Development Fund's financial statements and footnotes, which are presented within this report.

FINANCIAL HIGHLIGHTS:

Total revenue increased by \$82,556 (9.11%) to \$988,616. Operating revenues increased by \$38,690 (4.50%) to \$898,311. Change in cash and cash equivalents decreased from 2020 by \$7,155,524 (-99.82%) to \$13,161. This large decrease is due to the \$15 million transfer provided for in HB 1014 of the 2019 legislative session. Excluding the transfer from HB 1014, the cash flow increased \$7,844,476 in 2021. The Fund collected \$5,252,145 in principal payments in 2021, which was an increase of \$2,435,416 (86.46%) from 2020. The increase in total and in operating revenue is attributable to an increase in dividend/interest income received from investments/loans and an increase in other income. The NDDF suspended loan payments for 3 months in 2020 due to the COVID-19 pandemic which impacted the repayment of principal on loans.

The Fund received \$40,000 in dividend payments in 2021 from equity investments made, compared to \$105,544 in dividend payments received in 2020. This decrease is attributable to a change in the classification of convertible note interest income. Interest income from convertible notes is now recorded as interest income instead of dividend payments. Dividends recorded is only income associated with accounts for which the NDDF holds stock.

General and Administrative expense decreased by \$62,614 (15.99%) from \$391,698 in 2020 to \$329,084 in 2021. The decrease was attributable to the pandemic which reduced travel, paused in-person board meetings, and reduced other operating expenses.

Operating Income (loss) before non-operating revenues and expenses increased by \$6,185,983 from (\$6,651,973) in 2020 to (\$465,990) in 2021. The increase in the operating income (loss) in 2021 was attributable to a decrease in provision for losses (change in allowance). The large change in 2020 was caused by the purchase of New Venture Capital Program equities from Bank of North Dakota as part of HB 1014. The change in 2021 is attributable to additional investments made by the NDDF throughout the year.

Interest income on deposits decreased by \$42,847 (48.59%) from \$88,177 received in 2020 to \$45,330 received in 2021. The Fund liquidated three of its CDs in 2021 which caused a decrease in interest income.

The Fund does invest their excess funds into longer term deposits for a higher rate of return to coincide with the funding commitments made by the Fund to companies for loans and equity investments, which are not required to be funded in the short-term. As of the end of FY 2021, the Fund had \$2 million in longer term certificates of deposit, which are at a higher rate of return earning more deposit interest which can be used to fund additional loan and equity investments to "Primary Sector" businesses in the State of North Dakota.

Cash and cash equivalents increased by \$13,161 (0.07%) to \$19,653,987 (cash balance is before loan and investment commitments).

NORTH DAKOTA DEVELOPMENT FUND, INC
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2021 AND 2020

The change in net position decreased by \$8,856,864 from \$8,436,204 in 2020 to (\$420,660) in 2021. The large change in 2020 was attributable to the \$15 million transfer from HB 1014.

Net position decreased by \$420,660 from \$31,077,018 at the end of year 2020 to \$30,656,358 at the end of year 2021.

Noncurrent net assets excluding equipment (software) increased by \$633,451 from \$6,877,225 in 2020 to \$7,510,676 in 2021. The noncurrent assets consist of the Fund's net loan and equity investments. The net equity investments remained the same at \$250,000 from 2020 to 2021. The equity investments that were charged off during 2020 and 2021 was \$0. The Fund did not make any equity investments in 2021.

Net loans receivable decreased by \$632,557 from \$11,050,157 in 2020 to \$10,417,600 in 2021. The loan investments made increased by \$104,211 from \$29,855,118 in 2020 to \$29,959,329 in 2021. The loan investments charged off during 2021 were \$370,433 as compared to \$0 in 2020. The increase in net loans receivable in 2020 to 2021 was attributable to an increase in loans funded, net of the regular paydown of loans and the amount of write-offs.

Interest receivable on loans increased by \$15,350 to \$156,210.

Current portion of loans receivable decreased from \$4,422,932 in 2020 to \$3,156,924 in 2021. The decrease is attributable to loans maturing in fiscal year 2021.

9 projects were funded totaling \$1,575,723.

REQUIRED FINANCIAL STATEMENTS:

The discussion and analysis are intended to serve as an introduction to the Development Fund's financial statements. The financial statements of the Development Fund provide accounting information similar to that of many other business entities. The Statement of Net Position summarizes the assets and liabilities, with the difference between the two reported as net position. It also serves as a basis for analysis of the soundness and liquidity of the Development Fund. The statement of Revenues, Expenses and Changes in Net position summarize the Development Fund's operating performance for the year. The statements of Cash Flows summarize the flow of cash through the Development Fund as it conducts its business.

NORTH DAKOTA DEVELOPMENT FUND, INC
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2021 AND 2020

CONDENSED STATEMENT OF NET POSITION
JUNE 30, 2021, 2020 AND 2019

	2021	2020	2019
Assets			
Current assets	\$ 22,967,121	\$ 24,204,618	\$ 19,391,283
Capital assets, net	185,101	1,360	3,738
Noncurrent assets	7,510,676	6,877,225	3,259,629
Total noncurrent assets	7,695,777	6,878,585	3,263,367
Total assets	30,662,898	31,083,203	22,654,650
Liabilities and net position			
Current liabilities	6,540	6,185	13,836
Investment in capital assets	185,101	1,360	3,738
Restricted	11,146,179	-	-
Unrestricted	19,325,078	31,075,658	22,637,076
Total net position	\$ 30,656,358	\$ 31,077,018	\$ 22,640,814

Cash and Cash Equivalents

Cash and cash equivalents consist of cash deposits with the Bank of North Dakota and are included in the current assets section of the statement of net position. Additional discussion of cash and cash equivalents can be found in Note 3 to the financial statements.

Equity Investments

Equity investments consist of capital investments in new or expanding primary sector businesses in or relocating to North Dakota and are included in noncurrent assets. Additional discussion of equity investments can be found in Note 4 to the financial statements.

Loans Receivable

Loans receivable consist of loans to new or expanding primary sector businesses in or relocating to North Dakota and are included in current and noncurrent assets in the statement of net position. Additional analysis of loans receivable can be found in Note 5.

NORTH DAKOTA DEVELOPMENT FUND, INC
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
JUNE 30, 2021 AND 2020

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021, 2020 AND 2019

	2021	2020	2019
Operating revenues			
Interest income on loans	\$ 858,311	\$ 754,077	\$ 745,580
Dividend income	40,000	105,544	1,746
Other	90,305	46,445	92,619
	<u>988,616</u>	<u>906,066</u>	<u>839,945</u>
Nonoperating revenue			
Interest income on deposits and investments	45,330	88,177	51,819
Total revenue	<u>1,033,946</u>	<u>994,243</u>	<u>891,764</u>
Operating expenses			
General and administrative	329,084	391,698	402,885
Depreciation expense	18,311	2,378	2,378
Bad debt expense	1,107,211	7,163,963	1,372,740
	<u>1,454,606</u>	<u>7,558,039</u>	<u>1,778,003</u>
Transfers			
Bank of North Dakota	-	15,000,000	-
Change in net position	(420,660)	8,436,204	(886,239)
Net position, beginning of year, originally stated	31,077,018	22,640,814	23,527,053
Prior period adjustment - see note 2	-	-	-
Net position - beginning of year, restated	<u>31,077,018</u>	<u>22,640,814</u>	<u>23,527,053</u>
Net position, end of year	<u>\$ 30,656,358</u>	<u>\$ 31,077,018</u>	<u>\$ 22,640,814</u>

Economic Factors and Future Outlook

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net interest income and dividend income. Other financial impact could occur though such potential impact is unknown at this time.

On March 19, 2020 the Board of Directors voted to suspend loan payments and interest accrual on all NDDF loans where NDDF was not in a participant decision. On April 9, 2020, the Board of Directors voted to extend the COVID relief for an additional two months.

Contacting the North Dakota Development Fund's Financial Management

The information in this report is intended to provide the reader with an overview of the Development Fund's accountability for those operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the North Dakota Development Fund, PO Box 2057, Bismarck, ND 58502-2057.

NORTH DAKOTA DEVELOPMENT FUND, INC
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

Assets	2021	2020
Current assets		
Cash and cash equivalents	\$ 19,653,987	\$ 19,640,826
Interest receivable on loans	156,210	140,860
Current portion of loans receivable	3,156,924	4,422,932
Total current assets	22,967,121	24,204,618
Noncurrent assets		
Loans receivable, net of current portion and allowance	7,260,676	6,627,225
Equity investments, net	250,000	250,000
Equipment, net	185,101	1,360
Total noncurrent assets	7,695,777	6,878,585
Total assets	30,662,898	31,083,203
Liabilities and net position		
Current liabilities		
Accrued expenses	6,540	6,185
Net position		
Investment in capital assets	185,101	1,360
Restricted for:		
Regional Rural Development	10,664,161	-
Child Care	482,018	-
Unrestricted	19,325,078	31,075,658
Total net position	\$ 30,656,358	\$ 31,077,018

See Notes to Financial Statements

- 8 -

NORTH DAKOTA DEVELOPMENT FUND, INC
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Operating revenues		
Interest income on loans	\$ 858,311	\$ 754,077
Dividend income	40,000	105,544
Other	90,305	46,445
	<u>988,616</u>	<u>906,066</u>
Operating expenses		
General and administrative	329,084	391,698
Depreciation expense	18,311	2,378
Provision for losses (change in allowance)	1,107,211	7,163,963
	<u>1,454,606</u>	<u>7,558,039</u>
Operating income (loss)	<u>(465,990)</u>	<u>(6,651,973)</u>
Nonoperating revenue		
Interest income on deposits and investments	<u>45,330</u>	<u>88,177</u>
Transfers		
Bank of North Dakota	<u>-</u>	<u>15,000,000</u>
Change in net position	(420,660)	8,436,204
Net position, beginning of year	<u>31,077,018</u>	<u>22,640,814</u>
Net position, end of year	<u>\$ 30,656,358</u>	<u>\$ 31,077,018</u>

See Notes to Financial Statements

- 9 -

NORTH DAKOTA DEVELOPMENT FUND, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Operating activities		
Other receipts	\$ 90,305	\$ 46,445
Payments to suppliers	(329,439)	(399,349)
Net cash provided (used) by operating activities	<u>(239,134)</u>	<u>(352,904)</u>
Investing activities		
Interest received on cash and cash equivalents and loans	559,916	887,937
Purchase of capital assets	(203,412)	-
Purchase of equity investments	-	(8,368,206)
Proceeds from the sale of equity investments	-	386,792
Disbursements on business loans	(5,356,354)	(3,201,663)
Principal payments received on business loans	5,252,145	2,816,729
Net cash provided (used) by Investing Activities	<u>252,295</u>	<u>(7,478,411)</u>
Non-Cash financing activity		
Transfer	-	15,000,000
Net change in cash and cash equivalents	13,161	7,168,685
Cash and cash equivalents, beginning of year	<u>19,640,826</u>	<u>12,472,141</u>
Cash and cash equivalents, end of year	<u>\$ 19,653,987</u>	<u>\$ 19,640,826</u>
Reconciliation of operating loss to net cash		
Provided by operating activities		
Operating income (loss)	\$ (465,990)	\$ (6,651,973)
Adjustments to reconcile operating income (loss)		
to net cash provided (used) by operating activities		
Depreciation	18,311	2,378
Provision for loan losses	(490,195)	473,415
Provision for equity investment losses	1,597,406	6,690,548
Provision interest receivable losses	-	-
Reclassification of interest and dividend income	(898,311)	(859,621)
Changes in assets and liabilities:		
Accrued expense	(355)	(7,651)
Net cash provided (used) by operating activities	<u>\$ (239,134)</u>	<u>\$ (352,904)</u>

See Notes to Financial Statements

- 10 -

NORTH DAKOTA DEVELOPMENT FUND, INC
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

The North Dakota Development Fund, Inc. (the Corporation) was established pursuant to Chapter 10-30.3 of the North Dakota Century Code as amended by the passage of Senate Bill 2058 during the 1991 legislative session. The Corporation is a statewide nonprofit development corporation with the authority to take equity positions in; to provide loans to; or to use other innovative financing mechanisms to provide capital for new or expanding primary sector businesses in North Dakota or relocating to North Dakota.

The Corporation uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain corporate functions or activities.

The following activities are used by the Corporation:

Development Fund

The Development Fund is used to account for fund investments, including equity positions, loans, loan guarantees, and other innovative financing mechanisms for new or expanding primary sector businesses in North Dakota or relocating to North Dakota.

Regional Rural Development Revolving Loan Fund

The Regional Rural Development Revolving Loan Fund is used to account for fund investments including equity positions, loans, loan guarantees, or debt financing on a matching basis to new or expanding primary sector businesses in rural areas.

Small Business Technology Investment Fund

The Small Business Technology Fund is used to provide matching investments to startup technology-based businesses.

Child Care Fund

The Child Care Fund is used to account for fund investments including loans and loan guarantees for new or expanding child-care facilities in North Dakota.

Venture Capital Loan Program

The Venture Capital Loan Program is used to provide flexible financing through debt and equity investments for new or expanding businesses in the state of North Dakota.

The Corporation may form additional corporations, partnerships or other forms of business associations in order to further its mission.

NORTH DAKOTA DEVELOPMENT FUND, INC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021 AND 2020

The Director of the Department of Commerce Division of the Economic Development and Finance shall appoint the Chief Executive Officer of the Corporation. All investments, contracts, partnerships, limited liability companies, and business transactions of the Corporation are the responsibility of the Chief Executive Officer and the eight-member Board of Directors, who are appointed by the Governor.

Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statements, the Corporation should include all component units over which the Corporation exercises such aspects as (1) appointing a voting majority of an organization's governing body and (2) has the ability to impose its will on that organization or (3) the potential for the organization to provide specific financial benefits to, or impose specific burdens on the Corporation. GASB further defined reporting units as a legally separate, tax exempt affiliated organization that meet all of the following criteria:

- The economic resources of the organization entirely or almost entirely directly benefit the Corporation or its constituents, and
- The Corporation or its component units are entitled to or can otherwise access, a majority of the economic resources of the organization, and
- The economic resources that the Corporation is entitled to, or can otherwise access, are significant to the Corporation.

Based upon criteria set forth in GASB, no organizations were determined to be part of the reporting entity. The Corporation is included as part of the primary government of the State of North Dakota's reporting entity.

Basis of Accounting

The Corporation is presented in the accompanying financial statements as a proprietary fund type – an enterprise fund.

An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public or other funds on a continuing basis be financed or recovered primarily through user charges. The Corporation operates primarily with appropriations from the general fund of the State of North Dakota.

As a proprietary fund type, the Corporation accounts for its transactions using the accrual basis of accounting. Revenues are recognized for its transactions when they are earned, and expenses are recognized when they are incurred.

Revenue and Expense Recognition

The Corporation presents its revenues and expenses as operating or non-operating based on recognition definitions from GASB. Operating activities are those activities that are necessary and essential to the mission of the Corporation. Operating revenues include all charges to customers, research contracts and grants, dividends earned on equity investments and interest earned on loans. Revenues from non-exchange transactions and state appropriations that represent subsidies or gifts to the Corporation, as well as investment income, are considered non-operating since these are either investing, capital or noncapital financing activities. Operating expenses are all expense transactions

NORTH DAKOTA DEVELOPMENT FUND, INC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021 AND 2020

incurred other than those related to investing, capital or noncapital financing activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor non-operating activities and are presented after non-operating activities on the accompanying Statement of Revenues, Expenses, and Changes in Net Position.

Concentration of Credit Risk

Loans receivable consist primarily of loans to new or expanding businesses in North Dakota or relocating businesses to North Dakota. The Corporation performs credit evaluations and maintains a security interest until related loans are collected.

Cash Equivalents

The Corporation considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents.

Equity Investments

The Corporation records its equity investments at cost adjusted for other than temporary impairment as determined by the Board of Directors. The other than temporary impairment of equity investments is included in fund equity. Realization of the carrying value of these investments is subject to future developments inherent in such investments (see Note 4).

Among the factors considered in determining whether an other than temporary impairment of an investment has occurred are the cost of the investment, development since the acquisition of the investment, the financial condition and operating results of the issuer, the long-term potential of the business of the issuer, and other factors generally pertinent to the valuation of investments. The Development Fund has relied on financial data of investees and, in many instances, on estimates by the management company and of the investee company as to the potential effect of future developments.

Expense Allocation

The Development Fund pays all expenses of the Corporation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of the allowance for loan losses and valuation of equity investments.

Capital Assets and Depreciation

All capital assets are recorded in the accompanying financial statements at cost. Donated capital assets are stated at acquisition value at the time of donation. Equipment with a cost greater than \$5,000 is capitalized and reported in the accompanying financial statements. The Corporation's capital

NORTH DAKOTA DEVELOPMENT FUND, INC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021 AND 2020

assets are being depreciated on a straight-line basis over estimated useful life of 8 years.

Loans

Loans are reported at their outstanding unpaid principal adjusted for write-offs and the allowance for loan losses.

Interest income is accrued on the unpaid principal balance. The accrual of interest on loans is discontinued at the time the loan is 90 to 120 days delinquent unless the credit is well secured and in process of collection. Loans are placed on non-accrual or charged-off at an earlier date if collection of principal or interest is doubtful. All current year interest accrued but not collected for loans that are placed on non-accrual or charged off is reversed against interest income. All prior year interest accrued but not collected is charged-off against the allowance for loan losses. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Corporation has determined that the accounting for nonrefundable fees and costs associated with originating or acquiring loans does not have a material effect on their financial statements. As such, these fees and costs have been recognized during the period they are collected and incurred, respectively.

Allowance for Loan Losses

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to a recovery account.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

A loan is considered impaired when, based on current information and events, it is probable that the Corporation will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan is collateral dependent. The Corporation separately identifies individual loans for impairment disclosures by rating them on a scale of 1 to 6.

NORTH DAKOTA DEVELOPMENT FUND, INC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021 AND 2020

Restricted Resources

It is the North Dakota Development Fund, Inc.'s policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

Change in Accounting Principle

The Corporation implemented GASB Statement No. 84, *Fiduciary Activities* in the fiscal year ended June 30, 2021.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order for them to conform to the current year presentations.

NOTE 2 DEPOSITS

The Corporation is required to maintain its deposits at the Bank of North Dakota (a related party). As of June 30, 2021, the Corporation had the following:

	Bank Balance	Less Than 1 Year
Cash		
Bank of North Dakota	<u>\$ 19,653,987</u>	<u>\$ 19,653,987</u>

As of June 30, 2020, the Corporation had the following:

	Bank Balance	Less Than 1 Year
Cash		
Bank of North Dakota	<u>\$ 19,640,826</u>	<u>\$ 19,640,826</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of investments will adversely affect the fair value of the investments.

Custodial and Concentration of Credit Risk

For deposits and investments, the custodial credit risk that, in the event of the failure of a depository financial institution, the Corporation will not be able to recover collateral securities that are in possession of an outside party. The Corporation's deposits are uncollateralized. All of the Corporation's deposits are with the Bank of North Dakota.

NORTH DAKOTA DEVELOPMENT FUND, INC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021 AND 2020

NOTE 3 EQUITY INVESTMENTS

Equity investments in business concerns as of June 30, 2021 and 2020 are as follows:

	2021	2020
Development fund venture capital	\$ 500,000	\$ 500,000
Valuation allowance - other than temporary impairment	(250,000)	(250,000)
Equity investments, net of allowance	<u>\$ 250,000</u>	<u>\$ 250,000</u>

Among the factors considered in determining whether an other than temporary impairment of an investment has occurred are the cost of the investment, development since the acquisition of the investment, the financial condition and operating results of the issuer, the long-term potential of the business of the issuer, and other factors generally pertinent to the valuation of investments. The Development Fund has relied on financial data of investees and, in many instances, on estimates by the management company and of the investee company as to the potential effect of future developments.

The Corporation acquired its investment by direct purchase from the issuer under investment representations, and the Board of Directors valued the securities on the premise that they may not be sold without registration under the Securities Act of 1933. The price of securities purchased was determined by direct negotiation between the Corporation and the seller.

Changes in the valuation allowance for equity investments as of June 30, 2021 and 2020 are as follows:

	2021	2020
Balance, beginning of year	\$ 250,000	\$ 2,871,812
Provision for equity investment losses	-	6,532,233
Transfers	-	(9,154,045)
Balance, end of year	<u>\$ 250,000</u>	<u>\$ 250,000</u>

NORTH DAKOTA DEVELOPMENT FUND, INC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021 AND 2020

NOTE 4 LOANS RECEIVABLE

Loans receivable at June 30, 2021 and 2020 are as follows:

	2021	2020
Development Fund	\$ 13,709,900	\$ 14,583,491
Regional rural development revolving loan fund	5,921,706	6,142,975
Small business technology fund	50,000	50,000
Child care program	1,790,059	2,009,573
Development fund venture capital	8,487,664	7,069,079
	29,959,329	29,855,118
Allowance for loan losses	(19,541,729)	(18,804,961)
Loans receivable, net of allowance for losses	10,417,600	11,050,157
Less: current portion of loans receivable	3,156,924	4,422,932
Loans receivable, net of current portion	<u>\$ 7,260,676</u>	<u>\$ 6,627,225</u>

Changes in the allowance for loan losses as of June 30, 2021 and 2020 are as follows:

	2021	2020
Balance, beginning of year	\$ 18,804,961	\$ 9,335,903
Provision for loan losses (reserve decrease)	1,107,211	315,013
Transfers	-	9,154,045
Write-offs	(370,443)	-
Balance, end of year	<u>\$ 19,541,729</u>	<u>\$ 18,804,961</u>

NORTH DAKOTA DEVELOPMENT FUND, INC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021 AND 2020

NOTE 5 EQUIPMENT

A statement of changes in fixed assets for the years ended June 30, 2021 and 2020 are as follows:

	Balance 6/30/20	Additions	Deletions	Balance 6/30/21
Furniture and equipment	\$ 37,539	\$ -	\$ (37,539)	\$ -
Computer software	48,345	203,412	(48,345)	203,412
Accumulated depreciation	(84,524)	(18,311)	84,524	(18,311)
	<u>\$ 1,360</u>	<u>\$ 185,101</u>	<u>\$ (1,360)</u>	<u>\$ 185,101</u>
	Balance 6/30/19	Additions	Deletions	Balance 6/30/20
Furniture and equipment	\$ 37,539	\$ -	\$ -	\$ 37,539
Computer software	48,345	-	-	48,345
Accumulated depreciation	(82,146)	(2,378)	-	(84,524)
	<u>\$ 3,738</u>	<u>\$ (2,378)</u>	<u>\$ -</u>	<u>\$ 1,360</u>

NOTE 6 COMMITMENTS AND CONTINGENCIES

Development Fund

The Board of Directors has approved equity investments, loans, grants and guaranty of collections at June 30, 2021 for which funds have not been disbursed or written agreements entered into in the approximate amount of \$875,054.

Regional Rural Development Revolving Loan Fund

The Board of Directors has approved equity investments, loans, and guaranty of collections at June 30, 2021 for which funds have not been disbursed or written agreements entered into in the approximate amount of \$675,000.

Child Care Loan Fund

The Board of Directors has approved equity investments, loans, and guaranty of collections at June 30, 2021 for which funds have not been disbursed or written agreements entered into in the approximate amount of \$4,484.

Development Fund Venture Capital Fund

The Board of Directors has approved equity investments, loans, and guaranty of collections at June 30, 2021 for which funds have not been disbursed or written agreements entered into in the approximate amount of \$228,824.

NORTH DAKOTA DEVELOPMENT FUND, INC
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
JUNE 30, 2021 AND 2020

NOTE 7 RELATED PARTY TRANSACTIONS

The financial statements of the North Dakota Development Fund, Inc. include loans receivables in entities partially owned by members of the Board of Directors. The related party loans receivables have a balance of \$1,514,256 and \$814,906 as of June 30, 2021 and 2020, respectively.

NOTE 8 RISK MANAGEMENT

North Dakota Development Fund, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The following are funds/pools established by the State for risk management issues:

The 1995 Legislative Session established the Risk Management Fund (RMF), an internal service fund, to provide a self-insurance vehicle for funding the liability exposures of state agencies resulting from the elimination of the state's sovereign immunity. The RMF manages the tort liability of the state, its agencies' employees, and the University System. All state agencies participate in the RMF and their fund contribution was determined using a projected cost allocation approach. The statutory liability of the State is limited to a total of \$250,000 per person and \$1,000,000 per occurrence.

The Corporation participates in the North Dakota Fire and Tornado Fund and the State Bonding Fund through the policies of the North Dakota Commerce Department. North Dakota Commerce Department pays an annual premium to the Fire and Tornado Fund to cover property damage to personal property. Replacement cost coverage is provided by estimating replacement cost in consultation with the Fire and Tornado Fund. The Fire and Tornado Fund is reinsured by a third-party insurance carrier for losses in excess of one million dollars per occurrence during a twelve-month period. The State Bonding Fund currently provides the Agency with blanket fidelity bond coverage in the amount of \$2,000,000. The State Bonding Fund does not currently charge any premium for this coverage.

The Corporation participates in the North Dakota Workforce Safety and Insurance, (WSI) an Enterprise Fund of the State of North Dakota. WSI is a state insurance fund and a "no fault" insurance system covering the State's employers and employees financed by premiums assessed to employers. The premiums are available for the payment of claims to employees injured during employment.

There have been no significant reductions in insurance coverage from the prior year and settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 9 TRANSFERS

During the year ended June 30, 2020, the North Dakota Development Fund received a transfer of \$15,000,000 from the Bank of North Dakota. Per House Bill 1014, the North Dakota Development Fund used a portion of these proceeds to purchase venture capital assets from the Bank of North Dakota.

NOTE 10 SUBSEQUENT EVENTS

The corporation approved three loans after year end totaling \$5,550,000 that have not been fully advanced. Subsequent events have been evaluated through December 3, 2021, which is the date these financial statements were available to be issued.

NORTH DAKOTA DEVELOPMENT FUND, INC
COMBINING STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	Development Fund	Regional Rural Development Revolving Loan Fund	Child Care Fund	Small Business Technology	Development Fund Venture Capital	2021	2020 (Memorandum only)
Assets							
Current assets							
Cash and cash equivalents	\$ 7,928,384	\$ 7,305,767	\$ 438,371	\$ 971,696	\$ 3,009,769	\$ 19,653,987	\$ 19,640,826
Interest receivable on loans	63,932	85,102	4,742	-	2,434	156,210	140,860
Current portion of loans receivable	1,713,344	523,432	6,119	-	914,029	3,156,924	4,422,932
Total current assets	9,705,660	7,914,301	449,232	971,696	3,926,232	22,967,121	24,204,618
Noncurrent assets							
Loans receivable, net of current portion and allowance							
Interfund balances	3,589,862	2,749,860	906,536	-	14,418	7,260,676	6,627,225
Equity Investments, net	873,750	-	(873,750)	-	-	-	-
Equipment, net	-	-	-	-	250,000	250,000	250,000
	185,101	-	-	-	-	185,101	1,360
Total noncurrent assets	4,648,713	2,749,860	32,786	-	264,418	7,695,777	6,878,585
Total assets	14,354,373	10,664,161	482,018	971,696	4,190,650	30,662,898	31,083,203
Liabilities and net position							
Current liabilities							
Accrued expenses	6,540	-	-	-	-	6,540	6,185
Net position							
Investment in capital assets							
Restricted	185,101	-	-	-	-	185,101	1,360
Unrestricted	-	10,664,161	482,018	-	-	11,146,179	-
	14,162,732	-	-	971,696	4,190,650	19,325,078	31,075,658
Total net position	\$ 14,347,833	\$ 10,664,161	\$ 482,018	\$ 971,696	\$ 4,190,650	\$ 30,656,358	\$ 31,077,018

- 20 -

NORTH DAKOTA DEVELOPMENT FUND, INC
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Development Fund	Regional Rural Development Revolving Loan Fund	Child Care Fund	Small Business Technology	Development Fund Venture Capital	2021	2020 (Memorandum only)
Operating revenues							
Interest income on loans	\$ 446,640	\$ 263,435	\$ 45,490	\$ 2,092	\$ 100,654	\$ 858,311	\$ 754,077
Dividend income	-	-	-	-	40,000	40,000	105,544
Other	55,567	17,811	1,914	-	15,013	90,305	46,445
	<u>502,207</u>	<u>281,246</u>	<u>47,404</u>	<u>2,092</u>	<u>155,667</u>	<u>988,616</u>	<u>906,066</u>
Operating expenses							
General and administrative	327,272	-	1,812	-	-	329,084	391,698
Depreciation expense	18,311	-	-	-	-	18,311	2,378
Provision for losses (change in allowance)	(244,982)	(178,770)	(111,031)	-	1,941,994	1,107,211	7,163,963
	<u>100,601</u>	<u>(178,770)</u>	<u>(109,219)</u>	<u>-</u>	<u>1,941,994</u>	<u>1,454,606</u>	<u>7,558,039</u>
Operating income (loss)	<u>401,606</u>	<u>460,016</u>	<u>156,623</u>	<u>2,092</u>	<u>(1,486,327)</u>	<u>(465,990)</u>	<u>(6,651,973)</u>
Nonoperating revenue							
Interest income on deposits and investments	19,772	21,228	305	129	3,896	45,330	88,177
Transfers							
Bank of North Dakota	-	-	-	-	-	-	15,000,000
Change in net position	421,378	481,244	156,928	2,221	(1,482,431)	(420,660)	8,436,204
Net position - beginning of year	13,926,455	10,182,917	325,090	969,475	5,673,081	31,077,018	22,640,814
Net position - end of year	<u>\$ 14,347,833</u>	<u>\$ 10,664,161</u>	<u>\$ 482,018</u>	<u>\$ 971,696</u>	<u>\$ 4,190,650</u>	<u>\$ 30,656,358</u>	<u>\$ 31,077,018</u>

NORTH DAKOTA DEVELOPMENT FUND, INC
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Development Fund	Regional Rural Development Revolving Loan Fund	Child Care Fund	Small Business Technology	Development Fund Venture Capital	2021	2020
Operating activities							
Other receipts	\$ 55,567	\$ 17,811	\$ 1,914	\$ -	\$ 15,013	\$ 90,305	\$ 46,445
Payments to suppliers	(327,627)	-	(1,812)	-	-	(329,439)	(399,349)
Net cash provided (used) by operating activities	(272,060)	17,811	102	-	15,013	(239,134)	(352,904)
Investing activities							
Interest received on cash and cash equivalents and loans	281,478	215,564	43,538	2,221	17,115	559,916	887,937
Purchase of capital assets	(203,412)	-	-	-	-	(203,412)	-
Purchase of equity investments	-	-	-	-	-	-	(8,368,206)
Proceeds from the sale of equity investments	-	-	-	-	-	-	386,792
Disbursements on business loans	(2,145,095)	(590,625)	(713,888)	-	(1,906,746)	(5,356,354)	(3,201,663)
Principal payments received on business loans	3,018,688	811,894	933,402	-	488,161	5,252,145	2,816,729
Net cash provided (used) by Investing Activities	951,659	436,833	263,052	2,221	(1,401,470)	252,295	(7,478,411)
Non-cash financing activity							
Transfer	-	-	-	-	-	-	15,000,000
Net change in cash and cash equivalents	679,599	454,644	263,154	2,221	(1,386,457)	13,161	7,168,685
Cash and cash equivalents, beginning of year	7,248,785	6,851,123	175,217	969,475	4,396,226	19,640,826	12,472,141
Cash and cash equivalents, end of year	\$ 7,928,384	\$ 7,305,767	\$ 438,371	\$ 971,696	\$ 3,009,769	\$ 19,653,987	\$ 19,640,826
Reconciliation of operating loss to net cash							
Provided by operating activities							
Operating income (loss)	\$ 401,606	\$ 460,016	\$ 156,623	\$ 2,092	\$ (1,486,327)	\$ (465,990)	\$ (6,651,973)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities							
Depreciation	18,311	-	-	-	-	18,311	2,378
Provision for loan losses	(316,362)	(61,578)	(111,031)	-	(1,224)	(490,195)	473,415
Provision for equity investment losses	71,380	(117,192)	-	-	1,643,218	1,597,406	6,690,548
Provision for interest receivable loss	-	-	-	-	-	-	-
Redclassification of interest and dividend income	(446,640)	(263,435)	(45,490)	(2,092)	(140,654)	(898,311)	(859,621)
Changes in assets and liabilities:							
Accrued expense	(355)	-	-	-	-	(355)	(7,651)
Net cash provided (used) by operating activities	\$ (272,060)	\$ 17,811	\$ 102	\$ -	\$ 15,013	\$ (239,134)	\$ (352,904)

- 22 -



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

Governor of North Dakota
The Legislative Assembly

Board of Directors
North Dakota Development Fund, Inc
Bismarck, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Dakota Development Fund, Inc, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated December 3, 2021. We expressed an adverse opinion on the remaining fund information, as the fiduciary net position was omitted from the North Dakota Development Fund, Inc.'s financial statements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and

responses as items 2021-001 and 2021-002 that we consider to be to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

North Dakota Development Fund Inc.'s Response to Findings

North Dakota Development Fund, Inc.'s responses to the findings identified in our audit is described in the accompanying schedule of findings and responses. North Dakota Development Fund, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA**

December 3, 2021

NORTH DAKOTA DEVELOPMENT FUND, INC
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2021

2021-001: Preparation of Financial Statements

Criteria

An appropriate system of internal controls requires the Corporation to prepare financial statements in compliance with accounting principles generally accepted in the United States of America.

Condition

The Corporation's personnel prepare periodic financial information for internal use that meets the needs of management and the board. However, the Corporation does not prepare financial statements, including accompanying note disclosures, as required by accounting principles generally accepted in the United States of America. The Corporation has elected to have the auditors assist in the preparation of the financial statements and notes.

Cause

The Corporation elected to not allocate resources for the preparation of the financial statements.

Effect

There is an increased risk of material misstatements to the Corporation's financial statements.

Recommendations

We recommend the Corporation consider the additional risk of having the auditors assist in the preparation of the financial statements and note disclosures and consider preparing them in the future. As a compensating control the entity should establish an internal control policy to document the annual review of the financial statements and schedules and to review a financial statement disclosure checklist.

Views of Responsible Officials and Planned Corrective Actions

Since it is not cost-effective for an organization our size to have staff to prepare audit-ready financial statements, we have chosen to hire Brady, Martz & Associates, P.C., a public accounting firm, to prepare the audit financial statements as part of their annual audit of North Dakota Development Fund, Inc.

2021-002: Proposition of Journal Entries

Criteria

The Corporation is required to maintain internal controls at a level where underlying support for general ledger accounts can be developed and a determination can be made that the general ledger accounts are properly reflected in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition

During our audit, adjusting entries to the financial statements were proposed in order to properly reflect the financial statements in accordance with GAAP.

NORTH DAKOTA DEVELOPMENT FUND, INC
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
JUNE 30, 2021

Cause

The Corporation's internal controls have not been designed to address the specific training needs required of its personnel to identify the adjustments necessary to properly reflect the financial statements in accordance with GAAP.

Effect

The Corporation's financial statements were materially misstated prior to adjustments detected as a result of audit procedures.

Recommendation

Accounting personnel will need to determine the proper balance in each general ledger account prior to the audit.

Views of Responsible Officials and Planned Corrective Actions

The material misstatements found this year were a one-time transaction needed to bring an off-balance sheet item on-balance sheet. The NDDF transitioned to a new accounting system and determined it was the adequate time to make key adjusting entries that will streamline processes going forward.



**INDEPENDENT AUDITOR'S SPECIFIC COMMENTS REQUESTED BY THE
NORTH DAKOTA LEGISLATIVE AUDIT AND FISCAL REVIEW COMMITTEE**

Governor of North Dakota
The Legislative Assembly

Board of Directors
North Dakota Development Fund, Inc
Bismarck, North Dakota

The Legislative Audit and Fiscal Review Committee require that certain items be addressed by independent certified public accountants performing audits of State agencies. The items and our responses regarding the June 30, 2021 audit of the North Dakota Development Fund, Inc are as follows:

Audit Report Communications:

1. What type of opinion was issued on the financial statements?

Unmodified and Adverse. The financial information for the New Venture Capital Program Fund, which is the Fund we expressed an adverse opinion on, was omitted as this information is reported in the Bank of North Dakota's financial statements.

2. Was there compliance with statutes, laws, rules and regulations under which the agency was created and is functioning?

Yes.

3. Was internal control adequate and functioning effectively?

Yes.

4. Were there any indications of lack of efficiency in financial operations and management of the agency?

No.

5. Was action taken on prior audit findings and recommendations?

No, please see findings 2021-001 and 2021-002 noted on the Schedule of Findings and Responses.

6. Was a management letter issued? If so, provide a summary below, including any recommendations and the management responses.

Yes. We recommend management formally document their review process of bank reconciliations.

Audit Committee Communications:

1. Identify any significant changes in accounting policies, any management conflicts of interest, any contingent liabilities, or any significant unusual transactions.

None

2. Identify any significant accounting estimates, the process used by management to formulate the accounting estimates, and the basis for the auditor's conclusions regarding the reasonableness of those estimates.

The most sensitive estimates affecting the financial statements include the allowances for uncollectible loans receivable and valuation allowances for equity investments.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Among the factors considered in determining whether an other than temporary impairment of an investment has occurred are the cost of the investment, development since the acquisition of the investment, the financial condition and operating results of the issuer, the long-term potential of the business of the issuer, and other factors generally pertinent to the valuation of investments. The Development Fund has relied on financial data of investees and, in many instances, on estimates by the management company and of the investee company as to the potential effect of future developments.

Our opinion on the reasonableness of these estimates is based on the testing performed during our audit procedures. Our procedures included assessing the risk assigned by the Development Fund to the loans and equity investments, evaluation of the past history of these amounts, discussion with management, and review of recent information regarding the loans and investments.

3. Identify any significant audit adjustments.

Significant adjustments were made to reconcile beginning equity, to adjust interest receivable and interest income and to adjust the allowance for doubtful accounts.

4. Identify any disagreements with management, whether or not resolved to the auditor's satisfaction, relating to a financial accounting, reporting, or auditing matter that could be significant to the financial statements.

None.

5. Identify any serious difficulties encountered in performing the audit.

None.

6. Identify any major issues discussed with management prior to retention.

None.

7. Identify any management consultations with other accountants about auditing and accounting matters.

None.

8. Identify any high-risk technology systems critical to operations based on the auditor's overall assessment of the importance of the system to the agency and its mission, or whether any exceptions identified in the six report questions to be addressed by auditors are directly related to the operations of an information technology system.

Based on the audit procedures performed, the North Dakota Development Fund, Inc's critical information technology system is SPARAK and iCore. There were no exceptions identified that were directly related to this application.

This report is intended solely for the information and use of the Governor, Legislative Audit and Fiscal Review Committee, Board of Directors, and management, and is not intended to be and should not be used by anyone other than these specified parties



BRADY, MARTZ & ASSOCIATES, P.C.
BISMARCK, NORTH DAKOTA

December 3, 2021

2022 | ANNUAL REPORT



Aerial view of the Little Yellowstone Campground on Sheyenne River Valley National Scenic Byway.

NORTH
Dakota
Be Legendary.

Tourism & Marketing
COMMERCE

North Dakota Department of Commerce
Tourism and Marketing Division Report on
Marketing North Dakota and the Travel
and Tourism Industry

Dear Friends,

Throughout this report, you will find the results of our collective and collaborative work. While this report focuses primarily on tourism, the work to elevate the image of North Dakota is drawing eyes, suitcases, and resumes, and showcasing all the advantages our state offers for visitors and lifestyle.

Trimming down the data we included has not been easy. Our need to understand the results we are netting, and how we can provide value and a strong return on investment to you and all the citizens of North Dakota is a priority we take seriously.

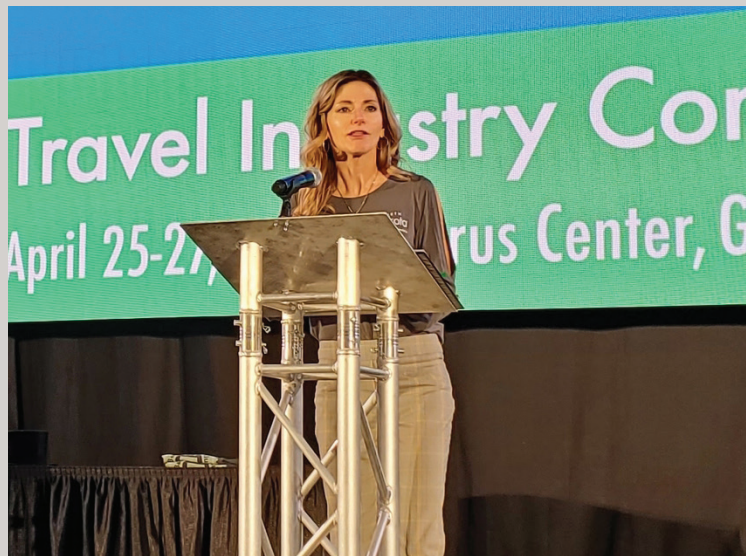
Research shows our marketing drove 1.4 million new trips to North Dakota and dramatically elevated our state's image as a good place to live, start a career, start a business, attend college, buy a vacation home and retire. A 2022 study also confirms what may seem obvious; most people visit before they move. Of recent drivers who transferred their licenses to North Dakota, 76% had visited the state prior to moving.

A 2022 national perception study assessing Americans' awareness of North Dakota, showed that perceptions of the state were modest and largely driven by a lack of familiarity. Only 22% had lived in or visited and the top words associated with North Dakota were cold, rural and remote. This may not seem like something you would want to include in a tourism annual report, but I believe it illustrates the importance of investing in marketing. We need to show people what North Dakota really is... and the most efficient way to accomplish that is through destination marketing.

In addition to marketing, our tourism operations team, which now includes a dedicated tourism business development manager, is focused on expanding and improving the offerings found statewide. Offerings that attract visitors, workforce and allow us all to enjoy life in North Dakota.

Thanks for your support and interest,

Sara Otte Coleman



Sara Otte Coleman presents at the 2022 Travel Industry Conference in Grand Forks.

76% of new residents visited North Dakota prior to moving to the state

Research

The Tourism & Marketing Division contracted three major studies in 2022 to gain insights into the national perception of the state, advertising effectiveness, and data to make market decisions for workforce recruitment.



47% FAMILIAR TO VERY FAMILIAR

NORTH DAKOTA CONTINUES TO BE AN UNFAMILIAR DESTINATION FOR MOST AMERICANS



\$34 RETURN ON INVESTMENT

EVERY \$1 INVESTED IN ADVERTISING GENERATED \$34 IN DIRECT VISITOR SPENDING AND \$3 IN TAX REVENUE



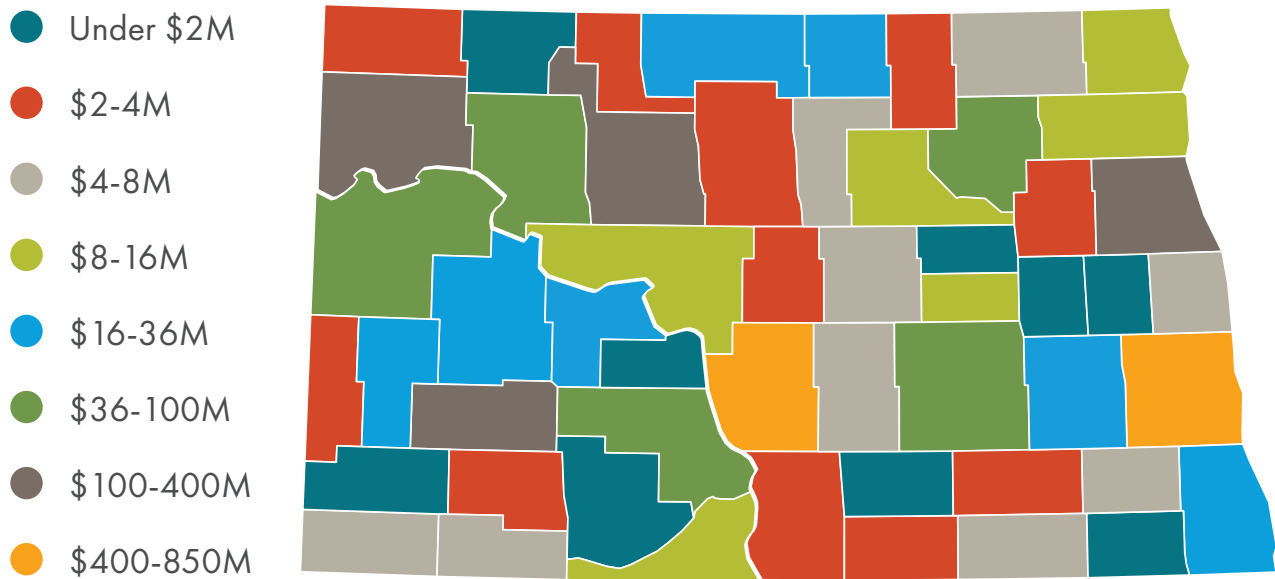
48% EMPLOYMENT MOTIVATED

A MAJORITY OF NORTH DAKOTA'S NEW RESIDENTS RELOCATED TO THE STATE BECAUSE OF WORK

TOURISM IMPACTS STATEWIDE

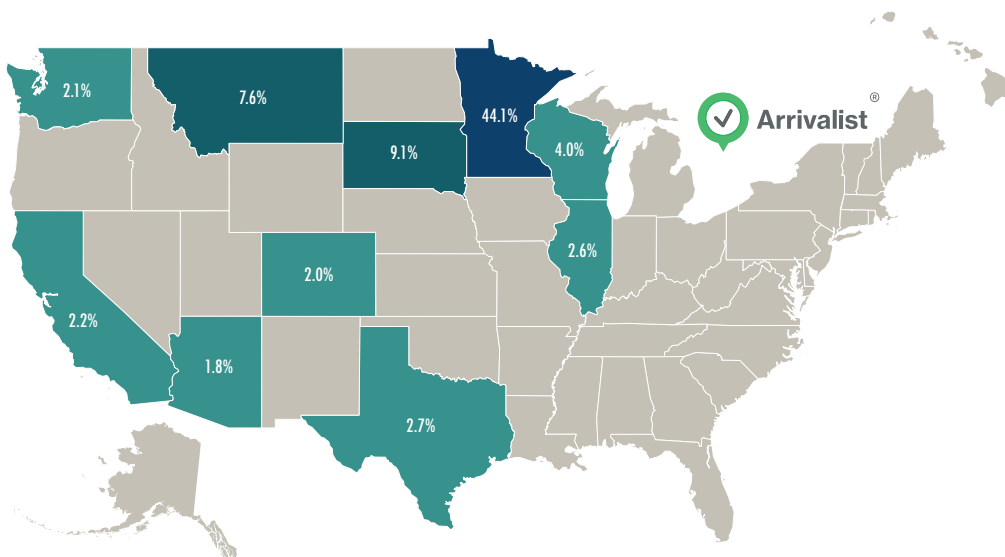
According to the 2021 Tourism Satellite Account, North Dakota counties had an average increase of 23.6% in visitor spending from 2020. Travel and tourism benefits every county in North Dakota, creating jobs, generating sales across dozens of sectors and improving your quality of life.

VISITOR SPENDING BY COUNTY



Top Origin States for Travel to North Dakota

North Dakota partners with Arrivalist, a geo-location intelligence company, for data on U.S. adult road trips to the state. Arrivalist sources information from mobile devices and GPS providers in order to report travel-specific data including a consumer's entire journey to, within and back from a destination.



NORTH DAKOTA TRAVEL INDUSTRY

North Dakota’s advertising presence in 2022 was significantly reduced following the unprecedented investment in 2021. As a result, ad reach declined in most mediums and markets, and year-over-year losses were seen in website traffic and traditional inquiries. Still, the 2022 campaign was one of the most efficient to date, based on video completions, arrival and stay lift measured by Arrivalist, and website conversions.



PRIMARY CAMPAIGN

The North Dakota Tourism advertising campaign’s **PRIMARY GOAL IS TO INCREASE AWARENESS OF THE STATE AS A TRAVEL DESTINATION, INCREASE QUALIFIED TRAFFIC TO THE WEBSITE, REFERRALS TO PARTNERS, AND PROVIDE THE TOP-OF-FUNNEL INSPIRATION TO ENCOURAGE A BOOKED TRIP TO NORTH DAKOTA.** Primary campaign advertising reaches the regional market including Minnesota, Wisconsin, Illinois, the Denver DMA, North Dakota, and Manitoba and Saskatchewan, Canada.

INTEND TO TRAVEL METRICS

TRAVEL GUIDE EBOOK

MONTHLY
USERS

1,000+

PAGEVIEWS

42,000+

TRADITIONAL

INQUIRIES

27,247

INQUIRES

1% decrease

WEBSITE TRAFFIC

USERS

1,942,019

3.61% decrease

PAGEVIEWS

2,408,669

6.01% decrease

SESSIONS

2,070,760

3.91% decrease

NICHE CAMPAIGN

Fishing, hunting, golf, motorcycling and history are travel niches in which specialized marketing is expanded outside of near borders and into U.S. secondary markets including South Dakota, Montana, Nevada and Arizona.



CAMPAIGN RESULTS:

IMPRESSIONS
423 MILLION

VIDEO COMPLETIONS
15.22 MILLION

CONVERSIONS TO WEBSITE
250,000+

PAID SEARCH TRAFFIC
INCREASED 23.1%

TRAVEL GUIDES DISTRIBUTED
250,000+



REACH



TV/RADIO

184,242,890

A 8.8% reduction in reach due to smaller budget resulted in 11.9% fewer vanity URL conversions to website.



PRINT

12,412,638

Print reach was maintained from 2021 to 2022 and as a result, inquiries from magazines increased 18%.



OUT-OF-HOME

150,658,043

A 41% reduction in OOH impressions due to fewer placements.



DIGITAL

108,387,333

A 65.4% reduction in impressions, but most efficient digital campaign to date.



SOCIAL MEDIA

11,866,529

32% fewer social impressions led to a 13.6% decrease in social traffic to the website.

PUBLIC & MEDIA RELATIONS

Public and media relations efforts continued to elevate North Dakota's image through proactive outreach and storytelling garnering positive media coverage and increasing awareness.

2022 MEDIA COVERAGE

MEDIA INSTANCES

2,124

891% INCREASE

AUDIENCE REACH THROUGH MEDIA

13+ BILLION

INFLUENCER CAMPAIGN

AUDIENCE REACH

108,800

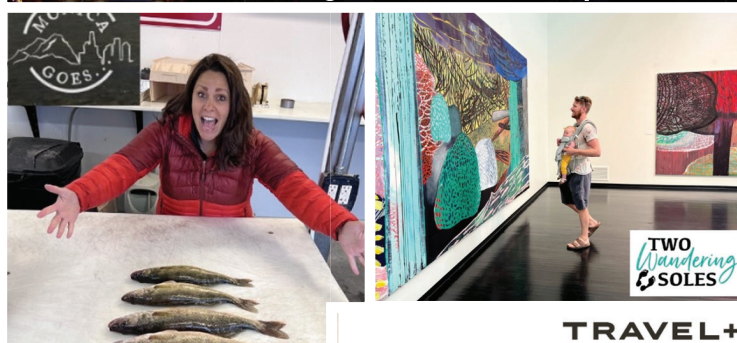
IMPRESSIONS

725,183

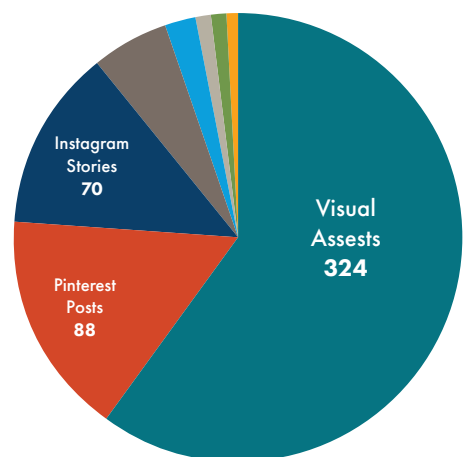
SOCIAL MEDIA ENGAGEMENTS

80,253

North Dakota Tourism extended the co-op influencer campaign, positioning North Dakota as a top travel destination with unforgettable, under the radar adventures located throughout the state.

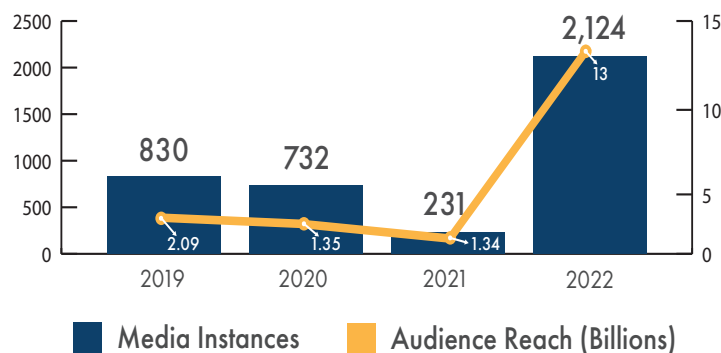


2022 Partner Results



Instagram: 30 Facebook Posts: 12 TikTok Posts: 6
Instagram Reels: 6 Tweets: 4

Earned Media Results



SOCIAL MEDIA

Social media gives us worldwide platforms to showcase North Dakota. Our goals are centered around audience engagement, travel counseling, generating traffic to the website, and educating residents and visitors about activities, communities, and attractions in our state.

164,519



FOLLOWERS

5% increase

1,000,535



ENGAGEMENTS

22% increase

223,789,835



IMPRESSIONS

22% decrease

74,924

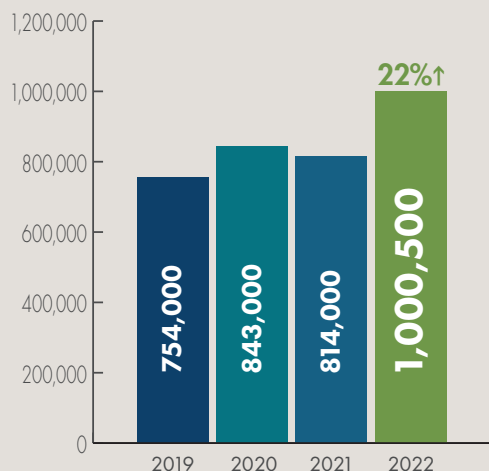


WEB TRAFFIC

13% decrease

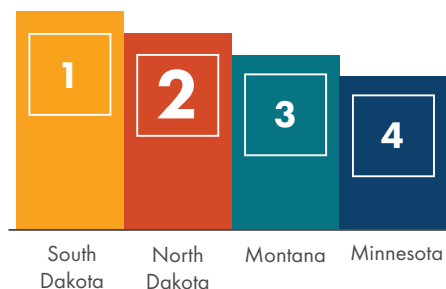
Total Engagements

Engagements are any interactions the audience is taking with our content. They are a strong indicator of interest in North Dakota.



North Dakota Ranks Second in Engagement Rate

Engagement rate shows how often your audience is interacting with your content despite the size of your following. North Dakota ranks second compared to neighboring states.



More Highlights of 2022

FACEBOOK
GREW

22%
YOY

SUNFLOWER
MAP GENERATED
WEBSITE VISITS

20,000

YOUTUBE
GREW

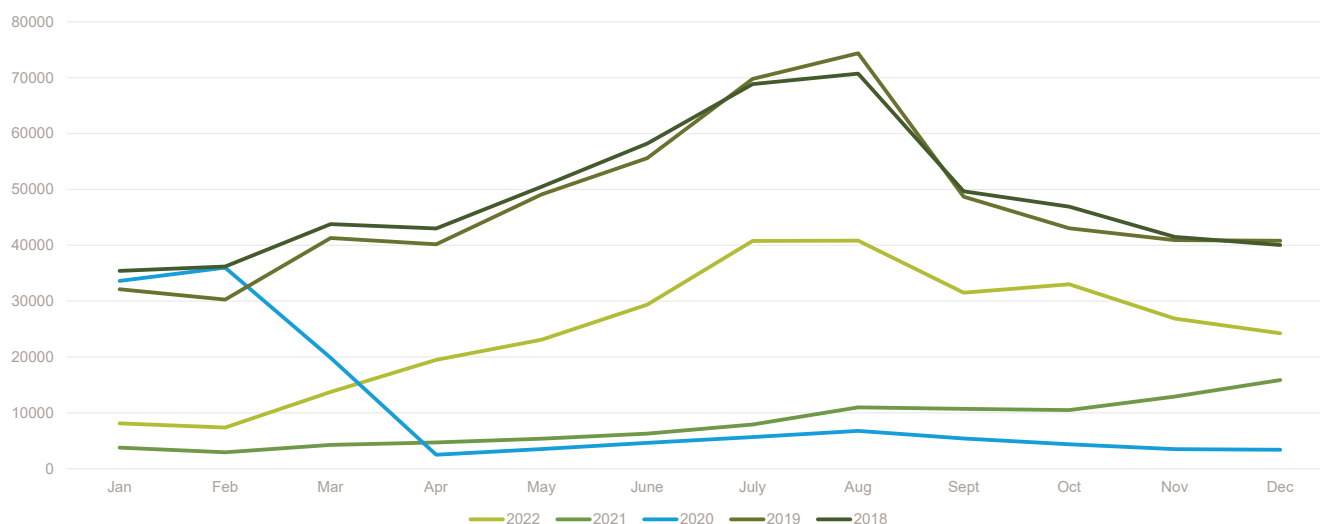
64%
YOY



BY THE NUMBERS

Since April 2020, there have been 840,027 personal bus and auto passengers entering the U.S. through North Dakota ports-of-entry. This is down 75.4% from the previous 33 months. At just 24.6% of the pre-pandemic volume of personal entries, the lost Canadian visitor spending due to the pandemic and border restrictions is estimated at more than \$344 million.

CANADIAN BORDER CROSSINGS INTO NORTH DAKOTA (Personal Vehicles)



NORTH DAKOTA TRAVEL INDUSTRY

Travel Segment	2021	2022	+/-
State Park Visitors	1,344,741	1,135,538	-16%
National Park Visitors	826,099	698,119	-15%
Major Attractions	3,999,505	4,108,799	3%
Local Visitor Centers	52,375	49,994	-5%
Cumulative Lodging Tax	\$5,552,640	\$7,350,904.14	32%
ND Airport Deplanements	887,804	1,023,816	15%
Canadian Border Crossing	96,219	298,463	210%
Statewide Hotel Occupancy Rate	47.7%	52.9%	11%

TAXABLE SALES & PURCHASES THROUGH 3RD QTR 2022

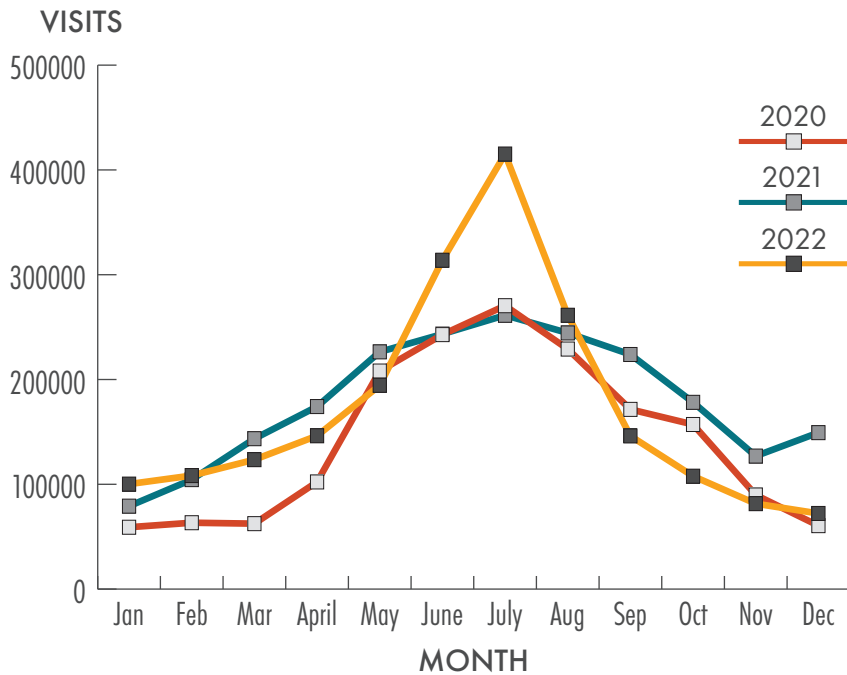
Accommodations/Food Services

2021	2022	+/-
\$1,382,650,572	\$1,520,225,611	9.53%

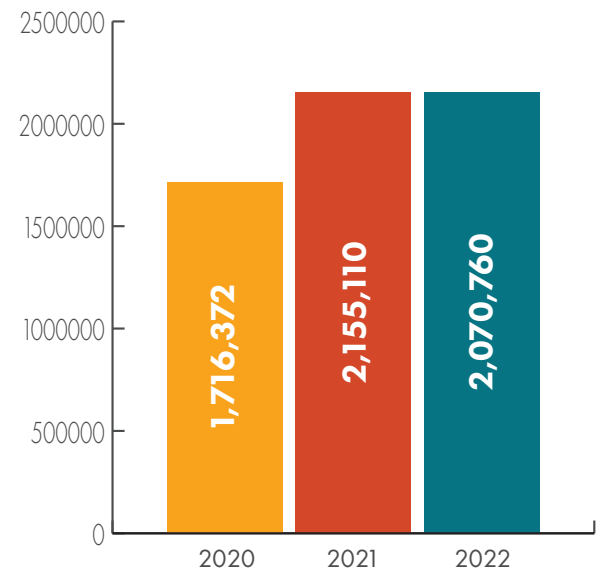
Arts/Entertainment/Recreation

2021	2022	+/-
\$98,550,322	\$121,642,968	22.09%

TOTAL WEB VISITS BY MONTH



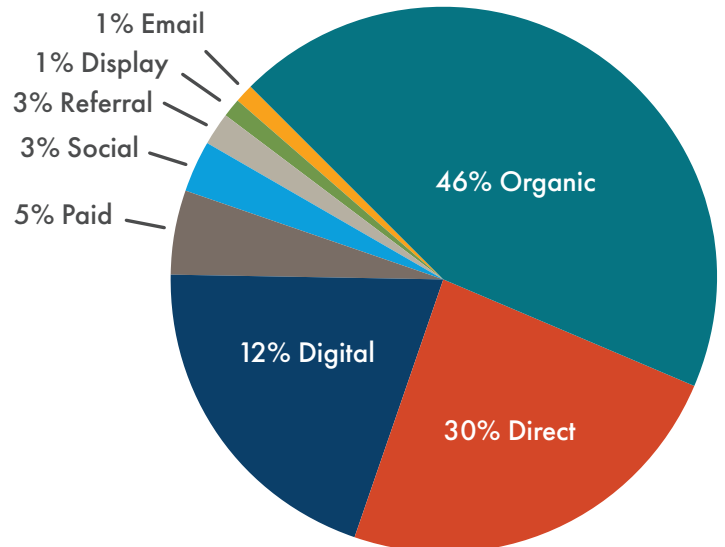
TOTAL WEB VISITS BY YEAR



TOP LOCATIONS FOR WEBSITE TRAFFIC

Rank	Location
1	North Dakota
2	Minnesota
3	Illinois
4	Wisconsin
5	Texas
6	California
7	Colorado
8	New York
9	Florida
10	Arizona

ORIGIN OF SITE TRAFFIC FOR NDtourism.com



For a complete list of references used to compile the data contained within this report, please email marketing@nd.gov or call 1-800-HELLOND.

GLOBAL MARKETING

International travel rebounded in 2022. In-person sales events welcomed new staff from international travel companies, resulting in needed training for new staff with little awareness of North Dakota.



North Dakota was added as a destination in 51 new itineraries with 174 overnights across the seven international markets. Across all 125 tour operators, North Dakota added 462 trips, giving North Dakota 1,266 overnight offerings. Within these itineraries, 18 communities across North Dakota are featured.

NORTH DAKOTA WAS
FEATURED IN
96 STORIES
AND REACHED
224M READERS
AND EARNED AN
EQUIVALENT OF
\$2.4M
IN EDITORIAL COVERAGE

OVERNIGHTS OFFERED
IN THE STATE WAS
INCREASED
24%
FROM 2021, WITH A
REGIONAL MARKET
SHARE INCREASE OF
19.5%

187 shareable leads were generated from the nation's largest Global Market Place International Pow Wow (IPW), International Roundup (held in Fargo), and BrandUSA Travel Week in 2022, along with 193 leads from missions to France, the Nordic Countries and the United Kingdom.

We hosted 12 product development and media tours that included 45 individuals. These media and travel trade representatives visited 17 communities and spent 48 nights in the state.

TRIBAL TOURISM

North Dakota Tourism and the North Dakota Native Tourism Alliance (NDNTA) continue to collaborate to develop and promote visitation to tribal lands, events, and attractions. The position of NDNTA executive director was created and will also oversee the creation of the Native American Cultural Tours (NACT).

This will essentially be a tribally owned receptive tour operator. North Dakota Tourism will continue to partner with the five Tribal Nations in education and promotion of tribal lands, cultures, and history to travelers from near and far.

North Dakota Tourism along with the NDNTA and the five Tribal Nations will continue to work together to create and enhance tourism opportunities across North Dakota and attract media and travel trade to showcase to the world.



GROUP TRAVEL



The group/motorcoach industry creates tours for customers that want to travel to, from and within North America.

One meeting at the American Bus Association resulted in a product development tour that visited seven communities and 18 attractions. This operator created an itinerary and sold this tour with four overnights. In 2023, 35 participants will fly into Bismarck and visit four communities in North Dakota.

8 NEW TOURS INCLUDED
18 OVERNIGHTS
36 COMMUNITIES
WITH AN IMPACT OF
\$800,000

120+
FACE-TO-FACE
MEETINGS LED TO
8 NEW TOURS

OUTDOOR MARKETING PROGRAM

Tourism and Marketing's outdoor promotion works to introduce outdoor enthusiasts to travel worthy adventures in North Dakota. Efforts include paid sponsorships, media relations, social media, visitor services and consumer travel shows.



New tourism campaign shot taken at Devils Lake

Marketing

- Sponsorships guarantee state outdoor messaging is being delivered to a broad regional & national audience in targeted niche areas.
- Many of these sponsorships include editorial and advertising content that highlight specific regions or communities that have interesting outdoor stories to tell.
- It is key for partners to update information about new trails, access for hunting or fishing, and new recreation providers such as equipment rentals or guides and outfitters that can attract out of state travelers for outdoor adventures.

Sport & Travel Shows

- To promote the state's outdoor adventure, we participate in consumer shows that bring our destinations face to face with potential travelers.
- There are opportunities for tourism partners to participate at the shows in person and there are options to distribute materials to outdoor enthusiasts across the upper Midwest.
- These shows have also been a place to meet and communicate with outdoor media and influencers.
- Commerce has been monitoring and studying the ROI of consumer shows to determine whether these shows create enough trips and interest to continue participation at the shows.

Outdoor Media Relations

- Outdoor promotion focuses on garnering editorial content with influential outdoor communicators through their media outlets.
- Tourism and Marketing Division staff create and manage relationships with members of outdoor media groups.
- This is important because hosting the right media can produce huge returns on relatively small investments.
- Our work focuses on influencing travel media to produce media instances about the state that will motivate trips that will produce positive economic impacts in our communities.

Sponsorship Partners

Ron Schara Productions
Jason Mitchell Outdoors
Midwest Outdoors
Ducks Unlimited
Delta Waterfowl
National Parks Magazine



1,600+

Sport show
booth attendees
in Minnesota &
Wisconsin



24,300

Hunting & Fishing
guides distributed
by end of July

Local Partners



Local partners can help welcome guests on product development/media trips to introduce media & travel influencers to attractions and communities.

North Dakota Department of Commerce recognizes that tourism development has the potential for economic and sociocultural effects that will positively impact further growth in our state. As our state continues to lead innovation in several economic development sectors, we understand the importance of creating a better quality life for our residents by connecting resources to drive economic growth. In addition, we recognize the importance of developing unique tourism experiences that share our story with non-residents to increase tourism revenue and to bring awareness of North Dakota, which supports workforce talent recruitment to the state.



Citizens Alley Pocket Park Ice Rink in Minot



The marina at Lake Sakakawea State Park

THE MAIN STREET OUTDOOR RECREATION GRANT

The Main Street Tourism Outdoor Recreation Grant was offered to support new or expanding businesses that would provide new outdoor recreation opportunities, improve visitor experiences, and would attract visitors and increase visitor expenditures in North Dakota. The Department of Commerce awarded six projects Main Street Outdoor Recreation Grants in 2022.



\$100,000

WAS AWARDED TO SIX PROJECTS ACROSS THE STATE. FIVE PROJECTS OFFER WINTER EXPERIENCES.

- A dedicated tourism business developer position was created to focus on attracting new tourism businesses and offerings to the state by addressing identified gaps. Areas of focus include outdoor recreation, value-added recreation, agritourism, arts, culture and heritage of North Dakota, venues, unique accommodations, culinary experiences, themed education and entertainment attractions, and other legacy projects.
- Commerce and the Tourism and Marketing Division understand the importance of attracting visitors and residents to North Dakota. As a result, the Main Street Outdoor Recreation Grant was created to support new or expanding businesses that provide new outdoor recreation opportunities, improved visitor experiences, and, with an emphasis on attracting visitors to North Dakota communities.
- Commerce's Economic Development and Finance Division and the Tourism and Marketing Division continue to work together to establish additional financial package opportunities for tourism business recruitment and expansion through primary sector certification. The certification allows qualified tourism businesses to apply for additional packages to enhance profitability.

AGRITOURISM



A canola field near Bowman

North Dakota's farm and ranch legacy is well known, and visitors are seeking more farm and ranch experiences. Our AgriTourism development work seeks to assist farmers and ranchers in diversifying their operations to generate income through activities, accommodations, rentals and on-site sales.

ND AgriTourism

PARTNER ENGAGEMENT

North Dakota Tourism staff works to identify, build, and sustain strong relationships with tourism and industry partners around the state. They are also at-the-ready to assist partners with research, presentations, resources, content, assets, promotional materials, and more. North Dakota Tourism relies on partner-listed and provided attractions, events, accommodations, guides, visitor centers and services, and works to promote them.



Tourism and Marketing staff visiting Fort Dilts State Historic Site on their southwest familiarization tour.

2022 Highlights

200

MORE THAN 200 TOURISM PROFESSIONALS ATTENDED THE 2022 TRAVEL INDUSTRY CONFERENCE IN GRAND FORKS.



COMMERCE NEWSLETTER HAD AN ENGAGEMENT RATE OF 60% IN 2022. TOTAL SUBSCRIBERS HAD A GROWTH OF 99.51% OVER THE PAST 12 MONTHS WITH OVER 20,000 SUBSCRIBERS.

15

A TOTAL OF 15 PARTNERS PARTICIPATED IN NINE DIFFERENT CO-OP ADVERTISING OPPORTUNITIES.

60

MORE THAN 60 TOURISM PROFESSIONALS ATTENDED THE 2022 TOURISM INDUSTRY MARKETING SUMMIT.

2,600+

PARTNER LISTINGS ON WEBSITE

1,600+

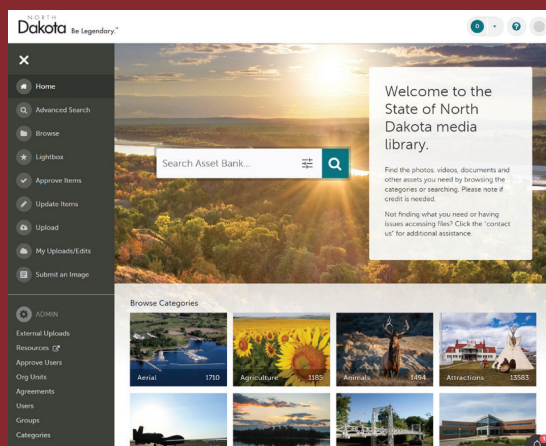
PARTNER LISTINGS IN TRAVEL GUIDE

244,000+

REFERRALS TO PARTNER WEBSITES

STATE MEDIA LIBRARY

The State Media Library allows for easier sharing and a boost to the visuals used across state government. It also increases the visuals available to partners, media and more.



325%

STATE AGENCY USERS ACCESSED SITE INCREASED

39%

RETURNING VISITORS INCREASED

94K+

DOWNLOADABLE ASSETS

15K+

ASSETS UPLOADED

- 12,230 downloads
- Top downloaded images include formatted Teams backgrounds, Theodore Roosevelt National Park, Lake Sakakawea, sunflowers, Missouri River and Pembina Gorge
- 5,461 visitors to the State Media Library

medialibrary.nd.gov

VISITOR SERVICES & SALES

The Tourism & Marketing Division produced hunting and fishing information sheets to fulfill inquiries in 2022. Information pieces were available for distribution in visitor centers, used to fulfill inquiries, and placed in rest areas throughout the state. Commerce also creates and manages e-news blasts, website articles and content on NDtourism.com.

LIVE CHAT TRAVEL COUNSELING

ONLINE TRAVEL COUNSELORS HAVE RESPONDED TO

890+

LIVE CHATS WITH POTENTIAL NORTH DAKOTA VISITORS

FROM MAY TO DECEMBER OF 2022
THE BOT HANDLED

700+

INQUIRIES BY POTENTIAL VISITORS

In May of 2022, North Dakota Tourism launched a BOT to assist visitors. The BOT handled over 700 inquiries by potential visitors. The BOT was able to answer questions on campground, lodging, travel guide, attractions and events, Canadian border, trails and byways, outdoor recreation, and general North Dakota information.



Real comments
from actual chat
participants!

North Dakota Guide Distribution



244,320

REFERRALS TO
PARTNER WEBSITES



189,000+

TRAVEL GUIDES
DISTRIBUTED
28,000 THROUGH
REST AREAS

WE ARE AVAILABLE TO VISITORS AROUND THE WORLD



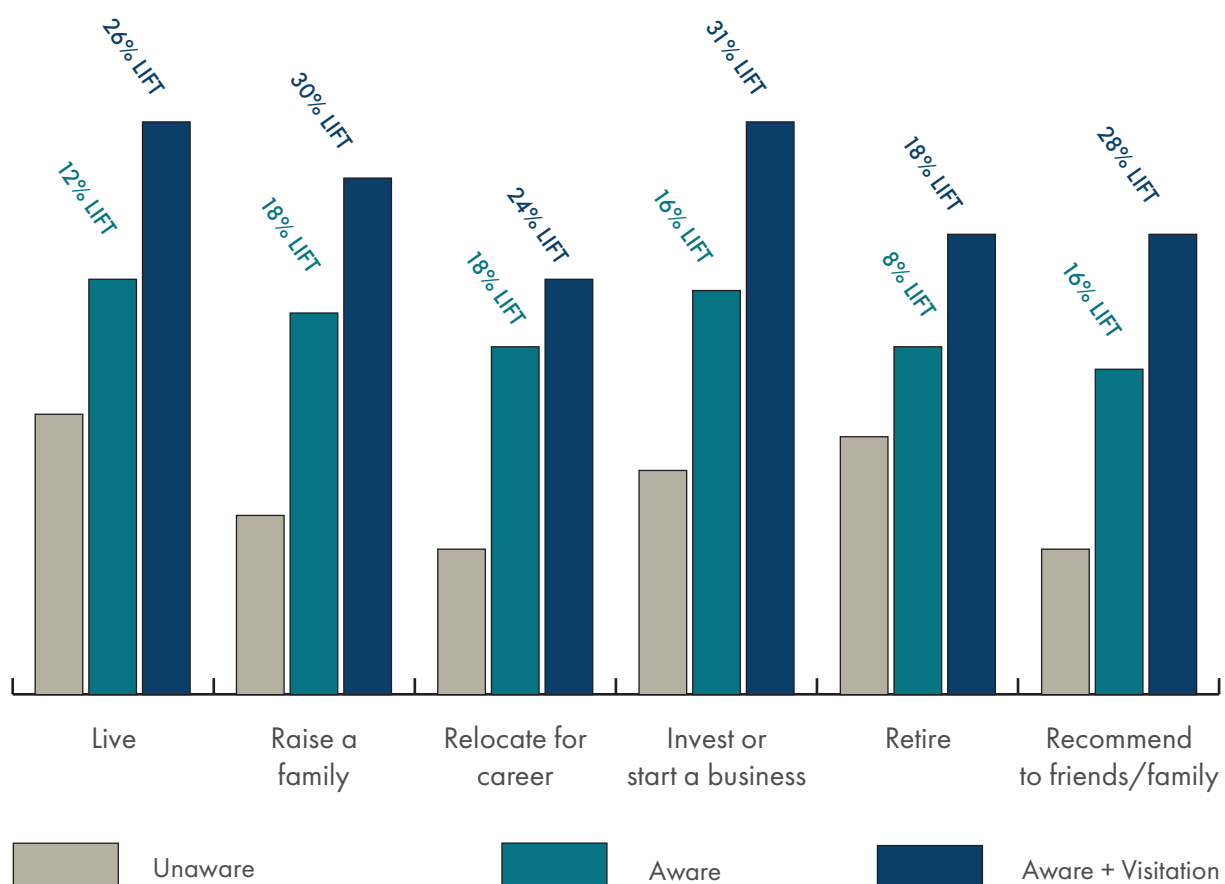
The expanded work of North Dakota Tourism and its tourism and marketing staff focuses on brand building and the integration of visitation, relocation, talent attraction, Main Street, and economic development efforts.

Research shows that North Dakota Tourism's promotional campaigns create a "halo effect" beyond motivating travel. Ripple effects of advertising positively impact the state's image as a place to live, work, start a business, attend college, purchase a home, and retire.

HALO EFFECT OF NORTH DAKOTA TOURISM MARKETING

TOURISM ADVERTISING ELEVATES NORTH DAKOTA'S IMAGE

Advertising is a powerful tool with the ability to change perceptions, attitudes and behaviors. Research shows that North Dakota Tourism's promotional campaigns create a "halo effect" that lifts image and diversifies the economy through increased visitation and makes North Dakota a more favorable place to visit, live, raise a family, work or advance your career, or invest or grow a business.



A LEGENDARY INDUSTRY AT A GLANCE



21.71 MILLION

VISITORS IN 2021
A 19% INCREASE OVER 2020



\$2.61 BILLION

IN VISITOR SPENDING
A 23.5% INCREASE OVER 2020



\$237.9 MILLION

ESTIMATED STATE & LOCAL TAX
REVENUE – AN 8.6% INCREASE



41,681

JOBS SUPPORTED BY THE
TRAVEL INDUSTRY



4,899,538

HOTEL ROOM NIGHTS SOLD
12.6% OCCUPANCY INCREASE



1,023,816

AIRPORT ARRIVALS
15.3% INCREASE



1,833,657

STATE AND NATIONAL PARK
VISITORS – A 15.53% DECREASE



298,463

CANADIAN BORDER CROSSINGS
A 210.1% INCREASE

VISITOR SPENDING BRINGS OUTSIDE DOLLARS INTO NORTH DAKOTA'S ECONOMY.



\$384

MILLION IN
LODGING



\$767

MILLION IN
FOOD & BEVERAGE



\$521

MILLION IN
TRANSPORTATION



\$374

MILLION IN
RECREATION



\$565

MILLION IN
RETAIL

**breakdowns in spending are from 2021*

NORTH
Dakota
Be Legendary.

Tourism & Marketing
COMMERCE

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@TravelND



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