



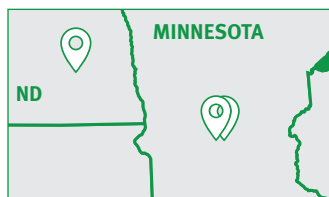
PROPEL NONPROFITS

propelnonprofits.org

ABOUT THIS PROJECT

After analyzing loans to 40 arts and culture organizations, Propel Nonprofits uncovered several key lessons. One finding was the importance of healthy capitalization and adequate working capital, as critical to stability and growth. Another was the importance of strong leadership and adequate support for those leaders. Following this research, Propel piloted an innovative loan product now expanding with Kresge's investments. Propel will provide 20 nonprofit organizations with capital and set of supports to strengthen their financial health and capacity and better position them to be community leaders and agents of change.

IMPACTED LOCATION



MINNEAPOLIS &
ST. PAUL, MN AND
FARGO, ND

YEAR APPROVED

2016

TYPE OF TRANSACTION

PRI - LOAN



Penumbra Theatre Company: "The Ballad of Emmett Till" at Penumbra Theatre (Credit: Allen Weeks)

WHY WAS THIS NEEDED?

CHALLENGE: Minnesota has a vibrant arts sector and exemplary Creative Placemaking activities. And myriad community development organizations work to identify creative solutions to improve conditions for low-income people. But behind this impressive array of activities is a gap in access and funding. Thus, the state's arts, culture and community development organizations create quality work and enjoy prominent roles in the community, yet are vulnerable due to undersized infrastructure and financial capacity.

RESPONSE: An infusion of financing, funding and capacity building support will help stabilize and shift business models and leadership mindsets for organizations leading Creative Placemaking work from one of austerity to one of possibility.

KRESGE PROGRAM

ARTS & CULTURE

AMOUNT OF INVESTMENT

\$1.5M

GRANT SUPPORT

\$600,000

TERM OF INVESTMENT

5 YEARS



Juxtaposition Arts: Juxtaposition Arts youth apprentices bring out art bikes to attract people to have dialogue and get ideas from North Minneapolis residents about transit changes planned for the area. (Credit: Juxtaposition Arts)

ABOUT THE BORROWER

Propel's mission is to build financially healthy nonprofits that foster community vitality. In addition to its loan products, Propel offers a particularly extensive array of training and technical assistance to its clients. Services are provided on a one-on-one basis, through group trainings, and through free materials on its website. Propel primarily operates in the Twin Cities area but also has clients across Minnesota and in neighboring states, with a growing portfolio in Fargo. Historically, arts and culture organizations represent 20 percent of its total loan fund activity and 25 percent of the number of loans originated.

KEY PARTNERS

Other grant funders include Bush Foundation, Patrick and Aimee Butler Family Foundation, and Surdna Foundation. In addition to funding debt forgiveness, grant funds will be used to build out learning and evaluation frameworks and case studies that capture lessons from this work, leadership coaching and organizational development for participating borrowers, and convenings of borrowers to exchange ideas and share learnings.

Key Considerations



Kim Dempsey
DEPUTY
DIRECTOR
Social
Investment
Practice

- » Kresge's PRI will translate into working capital loans to qualifying nonprofits and its grant will be used – in part – as the forgivable portion of these loans.
- » Nonprofit borrowers must meet certain financial and reporting benchmarks to qualify for debt forgiveness and allow organizations to more quickly grow net assets
- » The loans will give nonprofits immediate access to working capital. Mandatory monthly cash deposits require organizations to budget for and sustain a positive net margin throughout the loan term and create reserves for future needs.
- » Propel will also track whether this improved financial strength increases borrowers' access to other sources of capital.
- » The primary risk is repayment. However, Propel has 16 years of experience managing debt and low leverage and a very hands-on approach with its borrowers.
- » Kresge's investments support the Social Investment and the Arts & Culture teams' joint interests in testing approaches to unlocking capital for Creative Placemaking.