

**PROPEL NONPROFITS**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED MARCH 31, 2025 AND 2024**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Propel Nonprofits  
Minneapolis, Minnesota

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Propel Nonprofits (a nonprofit organization), which comprise the statements of financial position as of March 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Propel Nonprofits as of March 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Propel Nonprofits and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Propel Nonprofits' ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Propel Nonprofits' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Propel Nonprofits' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Other Matters**

*Supplementary Information – Schedules of Financial Position and Activities by Fund*

Our audits as of and for the years ended March 31, 2025 and 2024 were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedules of financial position by fund and activities by fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
July 18, 2025

**PROPEL NONPROFITS  
STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2025 AND 2024**

	March 31, 2025			March 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 20,902,966	\$ 2,069,577	\$ 22,972,543	\$ 11,782,754	\$ 1,505,806	\$ 13,288,560
Certificates of Deposit	107,972	-	107,972	106,903	-	106,903
Accounts and Grants Receivable, Net of Allowance for Doubtful Accounts of \$8,522 in 2025 and \$8,022 in 2024	498,269	2,566,082	3,064,351	511,397	1,045,998	1,557,395
Loans Receivable, Net of Allowance of \$1,492,734 in 2025 and \$334,096 in 2024	11,416,326	-	11,416,326	13,924,967	-	13,924,967
Loan Interest Receivable	81,248	-	81,248	146,386	-	146,386
Other Receivables	3,746	-	3,746	26,783	-	26,783
Prepays	212,674	-	212,674	139,435	-	139,435
Total Current Assets	<u>33,223,201</u>	<u>4,635,659</u>	<u>37,858,860</u>	<u>26,638,625</u>	<u>2,551,804</u>	<u>29,190,429</u>
<b>NONCURRENT ASSETS</b>						
Loan Fund - Cash Reserve - Long-Term	3,140,267	-	3,140,267	-	-	-
Loans Receivable, Net of Allowance of \$1,647,533 in 2025 and \$1,425,897 in 2024	19,715,412	-	19,715,412	19,509,917	-	19,509,917
Fixed Assets, Net of Depreciation	312,698	-	312,698	393,445	-	393,445
ROU Asset, Net of Amortization	638,460	-	638,460	838,088	-	838,088
Total Noncurrent Assets	<u>23,806,837</u>	<u>-</u>	<u>23,806,837</u>	<u>20,741,450</u>	<u>-</u>	<u>20,741,450</u>
Total Assets	<u>\$ 57,030,038</u>	<u>\$ 4,635,659</u>	<u>\$ 61,665,697</u>	<u>\$ 47,380,075</u>	<u>\$ 2,551,804</u>	<u>\$ 49,931,879</u>

See accompanying Notes to Financial Statements.

**PROPEL NONPROFITS**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**MARCH 31, 2025 AND 2024**

	March 31, 2025			March 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Current Portion of Notes Payable	\$ 3,005,351	\$ -	\$ 3,005,351	\$ 8,423,990	\$ -	\$ 8,423,990
Accounts Payable and Accrued Expenses	822,632	-	822,632	748,959	-	748,959
Current Portion of ROU Lease Liability	274,734	-	274,734	271,907	-	271,907
Interest Payable	90,952	-	90,952	91,367	-	91,367
Deferred Revenue - Current	1,772,655	-	1,772,655	2,309,084	-	2,309,084
Other Liabilities	261,889	-	261,889	30,329	-	30,329
Loan Receivable Forgiveness	166,250	-	166,250	654,375	-	654,375
Funds Managed for Fiscally-Sponsored Clients	100,011	-	100,011	343,235	-	343,235
Total Current Liabilities	<u>6,494,474</u>	<u>-</u>	<u>6,494,474</u>	<u>12,873,246</u>	<u>-</u>	<u>12,873,246</u>
<b>LONG-TERM LIABILITIES</b>						
Notes Payable	26,084,693	-	26,084,693	16,945,807	-	16,945,807
Deferred Revenue - Long-Term	1,475,044	-	1,475,044	2,659,794	-	2,659,794
ROU Lease Liability	504,447	-	504,447	779,512	-	779,512
Total Long-Term Liabilities	<u>28,064,184</u>	<u>-</u>	<u>28,064,184</u>	<u>20,385,113</u>	<u>-</u>	<u>20,385,113</u>
Total Liabilities	34,558,658	-	34,558,658	33,258,359	-	33,258,359
<b>NET ASSETS</b>						
Without Donor Restrictions	22,471,380	-	22,471,380	14,121,716	-	14,121,716
With Donor Restrictions	-	4,635,659	4,635,659	-	2,551,804	2,551,804
Total Net Assets	<u>22,471,380</u>	<u>4,635,659</u>	<u>27,107,039</u>	<u>14,121,716</u>	<u>2,551,804</u>	<u>16,673,520</u>
Total Liabilities and Net Assets	<u>\$ 57,030,038</u>	<u>\$ 4,635,659</u>	<u>\$ 61,665,697</u>	<u>\$ 47,380,075</u>	<u>\$ 2,551,804</u>	<u>\$ 49,931,879</u>

See accompanying Notes to Financial Statements.

**PROPEL NONPROFITS  
STATEMENTS OF ACTIVITIES  
YEARS ENDED MARCH 31, 2025 AND 2024**

	March 31, 2025			March 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES</b>						
Gifts and Grants	\$ 13,636,420	\$ 5,736,056	\$ 19,372,476	\$ 3,923,186	\$ 1,437,438	\$ 5,360,624
Loan Interest Income	2,055,135	-	2,055,135	1,716,491	-	1,716,491
Loan Fee Revenue	123,247	-	123,247	83,439	-	83,439
Program Revenue	821,549	-	821,549	959,619	-	959,619
Investment Income	628,780	-	628,780	515,028	-	515,028
Net Assets Released from Restrictions	3,652,201	(3,652,201)	-	3,928,203	(3,928,203)	-
Total Revenues	20,917,332	2,083,855	23,001,187	11,125,966	(2,490,765)	8,635,201
<b>EXPENSES</b>						
Program Service:						
Training, Guidance, and Knowledge Sharing	467,840	-	467,840	912,822	-	912,822
Capacity Building Initiatives	3,010,891	-	3,010,891	3,162,035	-	3,162,035
Lending	3,870,652	-	3,870,652	1,912,784	-	1,912,784
Strategic Services	740,933	-	740,933	787,133	-	787,133
Accounting and Finance Services	267,715	-	267,715	236,797	-	236,797
Fiscal Sponsorship	2,434,398	-	2,434,398	1,633,631	-	1,633,631
Total Program Services	10,792,429	-	10,792,429	8,645,202	-	8,645,202
Core Mission Support: Management and General	1,352,420	-	1,352,420	1,267,524	-	1,267,524
Core Mission Support: Fundraising	422,819	-	422,819	275,990	-	275,990
Total Expenses	12,567,668	-	12,567,668	10,188,716	-	10,188,716
<b>CHANGE IN NET ASSETS</b>	8,349,664	2,083,855	10,433,519	937,250	(2,490,765)	(1,553,515)
Net Assets - Beginning of Year	14,121,716	2,551,804	16,673,520	13,184,466	5,042,569	18,227,035
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 22,471,380</u>	<u>\$ 4,635,659</u>	<u>\$ 27,107,039</u>	<u>\$ 14,121,716</u>	<u>\$ 2,551,804</u>	<u>\$ 16,673,520</u>

See accompanying Notes to Financial Statements.

**PROPEL NONPROFITS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MARCH 31, 2025**

	Program Services							Core Mission Support			Total
	Training, Guidance, and Knowledge Sharing	Capacity Building Initiatives	Lending	Strategic Services	Accounting and Finance Services	Fiscal Sponsorship	Subtotal	Management and General	Fundraising	Subtotal	
<b>EXPENSES</b>											
Personnel Expenses	\$ 379,480	\$ 493,284	\$ 855,659	\$ 625,267	\$ 228,393	\$ 231,496	\$ 2,813,579	\$ 1,029,916	\$ 290,535	\$ 1,320,451	\$ 4,134,030
Contracted Services	20,800	77,700	37,235	15,800	3,705	195,643	350,883	121,663	67,553	189,216	540,099
Grants to Other Entities	-	2,338,306	60,000	-	-	1,956,071	4,354,377	-	-	-	4,354,377
Occupancy	30,678	44,505	66,979	48,958	18,159	20,094	229,373	63,250	25,938	89,188	318,561
Equipment and Technology Expense	24,189	36,009	56,566	39,095	14,086	17,215	187,160	49,354	19,927	69,281	256,441
Travel Expenses	2,587	4,230	12,839	1,951	30	2,639	24,276	16,506	704	17,210	41,486
Meeting Expenses	567	5,114	32,753	420	-	2,530	41,384	16,551	2,163	18,714	60,098
Marketing and Communications Expenses	3,506	5,068	9,068	5,516	2,105	2,430	27,693	2,269	3,041	5,310	33,003
Other Operating Expenses	6,033	6,675	10,212	3,926	1,237	6,280	34,363	52,568	12,958	65,526	99,889
Interest Expense on Debt	-	-	844,519	-	-	-	844,519	-	-	-	844,519
Provision for Credit Losses	-	-	1,871,636	-	-	-	1,871,636	-	-	-	1,871,636
Other Filing and Fee Expense	-	-	13,186	-	-	-	13,186	343	-	343	13,529
<b>Total Direct Expenses</b>	<b>467,840</b>	<b>3,010,891</b>	<b>3,870,652</b>	<b>740,933</b>	<b>267,715</b>	<b>2,434,398</b>	<b>10,792,429</b>	<b>1,352,420</b>	<b>422,819</b>	<b>1,775,239</b>	<b>12,567,668</b>
Administrative Allocation	162,581	238,036	350,420	263,156	95,915	106,479	1,216,587	(1,352,420)	135,833	(1,216,587)	-
Fundraising Allocation	74,665	108,114	164,691	117,753	44,136	49,293	558,652	-	(558,652)	(558,652)	-
<b>True Program Costs</b>	<b>\$ 705,086</b>	<b>\$ 3,357,041</b>	<b>\$ 4,385,763</b>	<b>\$ 1,121,842</b>	<b>\$ 407,766</b>	<b>\$ 2,590,170</b>	<b>\$ 12,567,668</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 12,567,668</b>

See accompanying Notes to Financial Statements.

**PROPEL NONPROFITS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MARCH 31, 2024**

	Program Services						Core Mission Support				Total
	Training, Guidance, and Knowledge Sharing	Capacity Building Initiatives	Lending	Strategic Services	Accounting and Finance Services	Fiscal Sponsorship	Subtotal	Management and General	Fundraising	Subtotal	
<b>EXPENSES</b>											
Personnel Expenses	\$ 370,644	\$ 431,296	\$ 655,555	\$ 665,720	\$ 200,514	\$ 246,861	\$ 2,570,590	\$ 889,425	\$ 190,690	\$ 1,080,115	\$ 3,650,705
Contracted Services	128,658	606,765	8,822	425	-	657	745,327	168,912	51,333	220,245	965,572
Grants to Other Entities	339,403	2,021,974	282,500	-	-	1,313,593	3,957,470	-	-	-	3,957,470
Occupancy	33,847	42,624	56,991	60,042	18,600	25,172	237,276	68,215	15,436	83,651	320,927
Equipment and Technology Expense	28,092	32,627	47,375	44,909	13,719	33,977	200,699	50,212	11,463	61,675	262,374
Travel Expenses	621	6,963	9,099	2,097	-	2,469	21,249	5,882	364	6,246	27,495
Meeting Expenses	675	9,399	6,916	1,683	92	1,871	20,636	31,601	3,440	35,041	55,677
Marketing and Communications Expenses	2,873	3,776	4,975	5,077	1,565	2,127	20,393	156	1,409	1,565	21,958
Other Operating Expenses	8,009	6,611	10,995	7,180	2,307	6,904	42,006	52,864	1,855	54,719	96,725
Interest Expense on Debt	-	-	619,864	-	-	-	619,864	-	-	-	619,864
Provision for Loan Loss Reserve	-	-	202,992	-	-	-	202,992	-	-	-	202,992
Other Filing and Fee Expense	-	-	6,700	-	-	-	6,700	257	-	257	6,957
<b>Total Direct Expenses</b>	<b>912,822</b>	<b>3,162,035</b>	<b>1,912,784</b>	<b>787,133</b>	<b>236,797</b>	<b>1,633,631</b>	<b>8,645,202</b>	<b>1,267,524</b>	<b>275,990</b>	<b>1,543,514</b>	<b>10,188,716</b>
Administrative Allocation	168,438	216,989	285,564	297,893	93,695	126,626	1,189,205	(1,267,524)	78,319	(1,189,205)	-
Fundraising Allocation	50,501	64,773	84,512	89,472	27,596	37,455	354,309	-	(354,309)	(354,309)	-
<b>True Program Costs</b>	<b>\$ 1,131,761</b>	<b>\$ 3,443,797</b>	<b>\$ 2,282,860</b>	<b>\$ 1,174,498</b>	<b>\$ 358,088</b>	<b>\$ 1,797,712</b>	<b>\$ 10,188,716</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,188,716</b>

See accompanying Notes to Financial Statements.

**PROPEL NONPROFITS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED MARCH 31, 2025 AND 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 10,433,519	\$ (1,553,515)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation Expense	130,122	155,166
Provision for Credit Losses	1,871,636	202,992
Amortization of Note Payable Commitment Fee	1,000	1,000
Loan Forgiveness - Recovery Capital Program	488,125	770,000
Amortization on Leases (Financing)	13,776	25,878
Changes in Assets and Liabilities:		
Accounts and Grants Receivable	(1,506,956)	(822,250)
Loan Interest Receivable	65,138	(96,311)
Prepays	(73,239)	(32,305)
Other Receivables	23,037	7,018
Right-of-Use (ROU) Asset	214,133	207,613
Accounts Payable and Accrued Expenses	73,673	156,157
Interest Payable	(415)	32,294
Deferred Revenue	(1,721,179)	4,957,461
Lease Liability (ROU Assets)	(272,238)	(275,461)
Loan Receivable Forgiveness	(488,125)	(487,500)
Cash Receipts on Behalf of Fiscally Sponsored Clients	-	1,266,242
Cash Disbursements on Behalf of Fiscally Sponsored Clients	(243,224)	(1,529,296)
Net Cash Provided by Operating Activities	9,008,783	2,985,183
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loan Receivable Principal Advanced	(9,303,011)	(13,695,260)
Loan Receivable Repayments	9,477,056	8,573,739
Purchase of Fixed Assets	(64,879)	(53,458)
Net Change in Certificates of Deposit	(1,069)	-
Net Cash Provided (Used) by Investing Activities	108,097	(5,174,979)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Issuance of Notes Payable	5,546,521	4,400,000
Principal Payments on Notes Payable	(1,826,274)	(1,363,648)
Principal Payments on Financing Lease Obligation	(12,877)	(25,878)
Net Cash Provided by Financing Activities	3,707,370	3,010,474
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	12,824,250	820,678
Cash and Cash Equivalents - Beginning of Year	13,288,560	12,467,882
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 26,112,810	\$ 13,288,560
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Payments for Interest During the Year	\$ 836,283	\$ 588,467

See accompanying Notes to Financial Statements.

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Propel Nonprofits (Propel or the Organization) fuels the impact and effectiveness of community-rooted nonprofits by providing responsible guidance, expertise, and capital to drive racial and economic equity and community vibrancy for underserved individuals.

History – On December 31, 2016, Nonprofits Assistance Fund and MAP for Nonprofits merged, with Nonprofits Assistance Fund as the surviving corporate entity. The business combination was treated as an acquisition and the FY2017 audited financial statements provide details of the related accounting. In October 2017, the merged entity officially changed its name to Propel Nonprofits. The rebranding process was the culmination of extensive board, staff, and professional consideration of the new culture and identity that the merged organization would carry forward. Amendments of the corporation's Articles of Incorporation and bylaws were filed and certified with the state of Minnesota on October 2, 2017.

Tax-Exempt Status – Propel was originally created as a Type I supporting organization of The Minneapolis Foundation. In May 2017, then Nonprofits Assistance Fund submitted a request for determination by the Internal Revenue Service (IRS) to reclassify its status to that of an organization described in Internal Revenue Code (IRC) Sections 509(a)(1) and 170(B)(1)(A)(vi). On September 1, 2017, the IRS issued a letter stating that then Nonprofits Assistance Fund met the requirements for classification as a public charity. After the October name change, Propel Nonprofits requested and received an updated determination letter from the IRS dated November 15, 2017 confirming that the renamed organization, now officially Propel Nonprofits, was determined to be a public charity. On January 21, 2021, Propel Nonprofits became independent of The Minneapolis Foundation through a change in their bylaws which relinquished The Minneapolis Foundation's power to elect a majority of the Propel Nonprofits' board members.

Propel's programs are as follows:

Program and Operations – As a Community Development Financial Institution (CDFI) certified by the U.S. Department of the Treasury, Propel Nonprofits makes loans to nonprofit organizations to expand programs and services, bridge cash flow gaps, consolidate debt, improve their balance sheets, and make capital improvements.

Propel provides a wide range of integrated programs and services for nonprofit organizations. Programs provide strategic consulting services, accounting and financial services, and support for startup organizations through fiscal sponsorship. Technical assistance helps organizations understand their financial situation, strategy, and board governance, identify priorities, and develop a plan of action for the near and long-term future. Propel Nonprofits' education and training program provides workshops on topics related to board governance, financial management and leadership for directors, board members, and staff and volunteers. Propel hosts an annual Nonprofit Finance and Sustainability Conference. Other knowledge sharing activities include developing and distributing articles, guidance, templates, and analysis on topics relevant for nonprofits for managing and planning financial practices, planning, governance, and strategy.

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Organization (Continued)**

Loan Fund – The loan fund consists of the capital committed to making loans to nonprofit organizations and the equity and debt capital at Propel Nonprofits' disposal to meet those lending needs. Loans made to nonprofits range from \$20,000 to \$1,200,000, and loan clients are organizations of all sizes and stages of development.

Fiscal Sponsorship Fund – Acting as a fiscal sponsor offers support and oversight to emerging organizations and a pathway for charitable giving that helps develop innovative responses to unmet community needs.

**Tax Exempt Status**

Propel is exempt from income taxes under section 501(c)(3) of the Internal Revenue Service Code. It has been classified as a public charity that is not a private foundation under the IRC and charitable contributions by donors are tax deductible. Propel is also exempt from state income taxes. Propel evaluated its tax positions and determined that it has no uncertain tax positions.

**Financial Statement Presentation**

Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of Propel Nonprofits and changes therein are classified and reported as:

*Net Assets Without Donor Restrictions* – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

*Net Assets With Donor Restrictions* – Those resources subject to donor-imposed restrictions that will be satisfied by action of Propel or by the passage of time.

Propel has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class. Propel Nonprofits has no permanently restricted net assets as of March 31, 2025 and 2024.

**Basis of Accounting**

The accompanying financial statements of Propel are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Cash and Cash Equivalents**

Propel classifies all highly liquid debt securities with a maturity of three months or less at the time of purchase to be cash equivalents. Propel maintains its cash in various bank deposit accounts which, at times, may exceed federally insured limits.

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Certificates of Deposit**

Certificates of deposit are carried at cost, which approximates fair value due to the short-term nature of the certificates.

**Accounts and Grants Receivable**

Accounts and grants receivable are stated at net realizable value. The allowance for credit losses on accounts and grants receivable was \$8,522 and \$8,022 as of March 31, 2025 and 2024, respectively. Management estimates this allowance of \$8,522 to be appropriate to the current quality of receivables.

**Loans Receivable and Allowance for Credit Losses**

Loans are recorded when funded. Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs and the allowance for credit losses. Propel has determined accounting for nonrefundable fees and costs associated with originating or acquiring loans, does not have a material effect on its financial statements. As such, these fees and costs have been recognized during the period they are collected and incurred, respectively.

The loans receivable portfolio consists of notes with interest rates ranging from 1.0% to 8.00% with maturities through 2044. Interest income is accrued on the unpaid principal balance. All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. The cash-basis is used when a determination has been made that the principal and interest of the loan is collectible. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current, the borrower has demonstrated a period of sustained performance, and future payments are reasonably assured. A sustained period of repayment performance generally would be a minimum of six months.

The allowance for credit losses on loans is a valuation account that is deducted from the amortized cost basis of loans to present the net amount expected to be collected. The allowance for credit losses on loans is adjusted through the provision for credit losses. Credit losses are charged off against the allowance for credit losses on loans when the Organization determines the loan balance to be uncollectible. Cash received on previously charged off amounts is recorded as a recovery to the allowance for credit losses on loans.

The measurement of expected credit losses encompasses information about historical events, current conditions, and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses.

Qualitative adjustments to historical loss information are made for differences in current loan-specific risk characteristics such as differences in underwriting standards, portfolio mix, or delinquencies, as well as for changes in environmental conditions, such as changes in unemployment rates, property values, or other relevant factors.

**PROPEL NONPROFITS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Loans Receivable and Allowance for Credit Losses (Continued)**

Expected credit losses are estimated on a collective basis for groups of loans that share similar risk characteristics. Factors that may be considered in aggregating loans for this purpose include but are not necessarily limited to, product or collateral type and internal risk ratings. For loans that do not share similar risk characteristics with other loans such as collateral dependent loans, expected credit losses are estimated on an individual basis.

Expected credit losses are estimated over the contractual terms of the loans, adjusted for expected prepayments. The contractual term excludes expected extensions, renewals, and modifications unless the extension or renewal options are included in the original or modified contract at the reporting date and are not unconditionally cancellable by the Organization.

The allowance for credit losses on loans estimate incorporates a reasonable and supportable economic forecast through the use of externally developed macroeconomic scenarios applied in the model. The length of the reasonable and supportable forecast period is evaluated at each reporting period and adjusted if deemed necessary. Currently, the Organization uses a 1-year reasonable and supportable forecast period in estimating the allowance for credit losses on loans. After the reasonable and supportable forecast period, the models effectively revert to long-term mean loss on a straight-line basis over 12 months.

Loans are charged off against the allowance for credit losses on loans in the period in which they are deemed uncollectible and recoveries are credited to the allowance for credit losses on loans when received. Expected recoveries on loans previously charged off and expected to be charged off are included in the allowance for credit losses on loans estimate. Working capital loans are charged off when, in management's judgment, they are considered to be uncollectible.

The Organization utilized the weighted average remaining maturity (WARM) method in determining expected future credit losses for each of the loans. The WARM method considers an estimate of expected credit losses over the remaining life of the financial assets and uses average annual charge-off rates to estimate the allowance for credit losses. For amortizing assets, the remaining contractual life is adjusted by the expected scheduled payments and prepayments. The average annual charge-off rate is applied to the amortization-adjusted remaining life to determine the unadjusted lifetime historical charge-off rate.

To estimate a CECL loss rate for the pool, management first identifies the loan losses recognized between the pool date and the reporting date for the pool and determines which loan losses were related to loans outstanding at the pool date. The loss rate method then divides the loan losses recognized on loans outstanding as of the pool date by the outstanding loan balance as of the pool date.

The Organization's expected loss estimate is anchored in historical credit loss experience, with an emphasis on all available portfolio data. The Company's historical look-back period includes April 2015 through March 2025, on an annual basis. When historical credit loss experience is not sufficient for a specific portfolio, the Organization may supplement its own portfolio data with external models or data.

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Loans Receivable and Allowance for Credit Losses (Continued)**

Qualitative reserves reflect management's overall estimate of the extent to which current expected credit losses on collectively evaluated loans will differ from historical loss experience. The analysis takes into consideration other analytics performed within the organization, such as enterprise and concentration management, along with other credit-related analytics as deemed appropriate. Management attempts to quantify qualitative reserves whenever possible.

The CECL methodology applied focuses on evaluation of qualitative and environmental factors, including but not limited to: (i) evaluation of facts and issues related to specific loans; (ii) management's ongoing review and grading of the loan portfolio; (iii) consideration of historical loan loss and delinquency experience on each portfolio segment; (iv) trends in past due and nonperforming loans; (v) the risk characteristics of the various loan segments; (vi) changes in the size and character of the loan portfolio; (vii) concentrations of loans to specific borrowers or industries; (viii) existing economic conditions; (ix) the fair value of underlying collateral; and (x) other qualitative and quantitative factors which could affect expected credit losses.

The Organization establishes a specific reserve for individually evaluated loans which do not share similar risk characteristics with the loans evaluated using a collective or pooled basis. These individually evaluated loans are removed from the pooling approach discussed above for the quantitative baseline and include non-accrual loans and other loans as deemed appropriate by management. Although management believes the allowance for credit losses on loans to be adequate, ultimate losses may vary from its estimates. At least quarterly, the board of directors reviews the adequacy of the allowance for credit losses on loans, including consideration of the relevant risks in the portfolio, current economic conditions, and other factors. Prior to the adoption of ASC 326, the Organization used an incurred loss model to measure an allowance for loan losses.

**Transfers of Financial Assets and Participating Interests**

Transfers of an entire financial asset or a participating interest in an entire financial asset are accounted for as sales when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when (1) the assets have been isolated from Propel, (2) the transferee obtains the right (free of conditions that constrain it from taking advantage of that right) to pledge or exchange the transferred assets, and (3) Propel does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. The transfer of a participating interest in an entire financial asset must also meet the definition of a participating interest. A participating interest in a financial asset has all of the following characteristics: (1) from the date of transfer, it must represent a proportionate (pro rata) ownership interest in the financial asset, (2) from the date of transfer, all cash flows received, except any cash flows allocated as any compensation for servicing or other services performed, must be divided proportionately among participating interest holders in the amount equal to their share ownership, (3) the rights of each participating interest holder must have the same priority, (4) no party has the right to pledge or exchange the entire financial asset unless all participating interest holders agree to do so.

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Secured Borrowings**

Propel has lending arrangements with the City of Minneapolis office of Community Planning and Economic Development (CPED) and participating lenders whereby sale of the participating interest does not meet the derecognition criteria under ASC 860 and are therefore accounted for by Propel as secured borrowings. Under these agreements, the transferor (Propel) sells participation in loans to the transferee (participant). The accounting treatment for secured borrowings involves recognizing the cash received as an asset and continuing to recognize the loans on the statement of financial position with an offsetting liability for the loans sold through the secured borrowing arrangements. Propel records interest income as if the loan is still held and records interest expense representing their obligation to the participant on a gross basis. As part of the participation agreement, the participant may be entitled to a percentage of the origination fee for the loan, a pro rata share of any late fees, and a pro rata share of the principal and interest payments. Propel services the loan and, in some cases, is entitled to a servicing fee ranging from 0.25% to 2.0% annually of the participants pro rata share of the outstanding principal balance of the loan throughout the term of the loan, which is deducted from monthly interest payments. The participation portion of the loan is included within loan receivables, and the liability is included as notes payable on the statements of financial position.

**Loan Servicing**

Propel sells certain loans it originates to outside parties and retains the right to service such loans over their remaining life. Propel is required to record an asset or liability based on whether the benefits of servicing received by Propel are more or less than adequate compensation in the marketplace for such activities. Propel is also required to initially measure all separately recognized servicing rights at fair value, if practicable. Management has assessed the impact that its servicing activities has on its financial statements and has determined that such activities are immaterial to the financial statements. Therefore, neither a servicing asset nor a liability has been recorded for such activities.

**Other Receivables**

The other receivables represent advances of loan funds and grants to other organizations for contracts not yet finalized at year-end.

**Revenue Recognition**

Revenue recognition treatment is determined on a case-by-case basis in accordance with generally accepted accounting principles. The major revenue streams of Propel and corresponding revenue recognition treatment is as follows:

Loan Servicing Revenue – Loan interest and fees are generated from outstanding or originated loans and are recognized ratably over the duration of the loan or as services are performed.

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue Recognition (Continued)**

Gifts and Grants – Contributions, unconditional promises to give, and other assets are recognized at fair values and are recorded as made. All contributions are considered to be without donor restriction unless specifically communicated by the donor. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When these restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions. When restrictions are fulfilled in the same time period as the contribution is received, Propel presents such contributions in the net assets without donor restrictions class.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Government Grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made. During fiscal years 2025 and 2024, Propel received cost reimbursable contracts of \$2,771,854 and \$8,757,678, respectfully, that will be recognized as revenue in the future once eligible expenses have been incurred. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, Propel will record such disallowance at the time the final assessment is made.

Program Revenue – Program revenue includes various service fees charged to individuals and independent organizations who partner with Propel on short-term projects related to its overall mission. Such revenue might include consulting, training, bookkeeping, or management services performed by Propel. The fees for these services are agreed upon through contracts which are based on the identified performance obligations at a set price or rate. Propel recognizes the revenue as the performance obligations are met under the contract over time.

**Deferred Revenue**

Propel records cash received for future services as deferred revenue. This revenue is recognized when services are rendered.

**Notes Payable With Below-Market Interest Rates**

After evaluation, it was determined that there is no material difference between prevailing community development finance market rates and the stated rate of any loans, notes payable, or other liabilities in Propel Nonprofits' portfolio. Correspondingly, there is no discount on notes payable stated at March 31, 2025 or 2024.

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fixed Assets**

All major expenditures \$1,000 or more for equipment are capitalized at cost. Contributed items are recorded at fair value at date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as with donor restrictions. In the absence of such stipulation, contributions of equipment are recorded as without donor restrictions. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

**Leases**

Propel Nonprofits leases office space and equipment and determines if an arrangement is a lease at inception. Both operating and finance leases are reported on the balance sheet as a right-of-use (ROU) asset and lease liability.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the balance sheets.

The individual lease contracts do not provide information about the rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities. The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

**Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Off-Balance-Sheet Credit Related Financial Instruments**

In the ordinary course of business, Propel has entered into commitments to extend credit, including commitments under credit arrangements. Such financial instruments are recorded when they are funded. Expected credit losses related to off-balance sheet credit exposures are estimated over the contractual period for which Propel is exposed to credit risk via a contractual obligation to extend credit, unless that obligation is unconditionally cancellable by Propel. Expected credit losses are estimated using similar methodologies employed to estimate expected credit losses on loans, taking into consideration the likelihood and extent of additional amounts expected to be funded over the terms of the commitments. The liability for credit losses on off-balance sheet credit exposures is presented within other liabilities on the statement of financial position. Adjustments to the liability are included in the provision for credit losses.

**Concentrations of Credit Risk**

Most of the Propel's activities are with borrowers located within the state of Minnesota. In addition, a substantial portion of its loans are due from education charter schools, community development and human service organizations. Loans due from education charter schools, community development, and human service organizations comprised 41%, 12%, and 17%, respectively, at March 31, 2025. Loans due from education charter schools and human service organizations comprised 37% and 20%, respectively, at March 31, 2024. As a result, Propel is exposed to credit risk from a regional and economic standpoint due to these concentrations of its borrowers.

**Functional Allocation of Expense**

Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner in which Propel delivers its programs, rents are allocated based on staff hours devoted to each program or function. Expenses, other than salaries and related expense, which are not directly identifiable by program or support services, are allocated based on the best estimates of management.

**Fair Value Measurements**

Propel categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value in accordance with accounting standards. Propel does not currently have any financial assets or financial liabilities that are measured at fair value on a recurring or nonrecurring basis.

**Reclassifications**

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effect on the change in net assets or total net assets as previously reported.

**Subsequent Events**

Management has evaluated subsequent events through July 18, 2025, the date on which the financial statements were available for issue.

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 2 FISCAL SPONSORSHIP**

Propel acts as a fiscal sponsor to emerging projects based in Minnesota, North Dakota, South Dakota, and Wisconsin. These entities may be in the process of applying for 501(c)(3) status or may be short-term in nature or may be exploring whether becoming a separate nonprofit is the most appropriate long-term strategy to accomplish their mission. Propel Nonprofits accepts charitable grants and contributions on behalf of these projects. These funds are treated as contributions with donor restrictions when received by Propel. These funds are released from restriction as Propel in turn grants them to the fiscally sponsored recipients. Propel ultimately retains the discretion to redirect the funds to another entity if needed to accomplish the intended purpose of the donation or grant.

Prior to January 1, 2024, once the funds had been granted to the fiscally sponsored client, the client had the option to hold and manage those funds on its own or enter an arrangement where Propel administered the funds on behalf of the client. If the client chose to have Propel administer its funds, those funds became a liability of Propel Nonprofits. Propel held the client's funds in a custodial account, provided bookkeeping and accounting services, and assisted in other administrative duties. The management of the fiscally-sponsored client directed the use of the funds. Propel simply executed the mechanics of the transactions. As of March 31, 2025 and 2024, the total liability of Funds Managed for Fiscally Sponsored Clients was \$100,011 and \$343,235, respectively.

Starting January 1, 2024, Propel Nonprofits transitioned to a new process in which incoming grants received by Propel on behalf of fiscally sponsored clients are recorded as cash and restricted revenue in the fiscal sponsorship fund. Fiscally sponsored clients request funds to be transferred to them, at which time Propel records the outgoing cash as a release from restriction and expenses it as Grants to Other Entities. Propel is no longer offering the option for Propel to administer funds on behalf of the fiscally sponsored client. As such, the liability of Funds Managed for fiscally sponsored clients will be gradually spent down to \$-0- as fiscally sponsored clients request the remaining funds in that account.

**NOTE 3 LOANS RECEIVABLE**

Propel Nonprofits' mission is fueling the effectiveness of nonprofits with guidance, expertise, and capital. As a Community Development Financial Institution (CDFI) certified by the U.S. Department of the Treasury, Propel makes loans to nonprofit organizations to expand programs and services, bridge cash flow gaps, consolidate debt, improve their balance sheets, and make capital improvements. Propel manages its loan portfolio with its mission and the missions of its nonprofit partners in mind. The following information details the loan portfolio, its performance, and its reach into the nonprofit sector.

Anticipated principal payments on loans receivable as of March 31, 2025 are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2026, Net of Allowance of \$1,492,734	\$ 11,416,326
2027 through 2030, Net of Allowance of \$1,355,590	16,221,987
Thereafter, Net of Allowance of \$291,943	3,493,425
Total	<u>\$ 31,131,738</u>

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 3 LOANS RECEIVABLE (CONTINUED)**

Propel has the following commitments as of March 31, 2025:

Available Term Loans, With Maturities to FY2030	\$ 1,250,000
Available Nonrevolving Lines of Credit, With Maturities to FY2025	20,000
Available Lines of Credit, With Maturities Through FY2025	<u>3,293,029</u>
Total Commitments	<u><u>\$ 4,563,029</u></u>

Loans receivable at March 31 were comprised of the following:

	<u>2025</u>	<u>2024</u>
Working Capital/Business	\$ 7,807,903	\$ 9,508,158
Working Capital/Recovery Capital Loan	3,533,145	5,506,842
Microloan	170,768	158,887
Capital Asset/Vehicle Loan	97,831	119,759
Community Facilities	20,385,906	18,740,381
Community Asset Builder Loan	1,133,379	-
Affordable Housing	<u>1,143,073</u>	<u>1,160,850</u>
Subtotal	34,272,005	35,194,877
Allowance for Credit Losses	<u>(3,140,267)</u>	<u>(1,759,993)</u>
Loans Receivable, Net	<u><u>\$ 31,131,738</u></u>	<u><u>\$ 33,434,884</u></u>

Working capital/business loan credit is extended to nonprofit organizations for program expansion, short-term bridge loans, cash flow stabilization, and funding growth. These loans are often secured with business assets such as grants receivable or program revenue receivables, sometimes with other business assets such as liens on facilities but may in some short-term situations be made on an unsecured basis.

Recovery Capital Loan (RCL) is a loan product developed in FY 2022 in response to the pandemic. Through donations from private philanthropy, Propel is able to provide a favorable loan product that includes a six-month period of nonpayment and 0% interest, below market interest rate, and 25% forgiveness (a grant to the loan client) of the loan over two years. The RCL is designed to be flexible, affordable, and structured to offer the time and patience needed to recover and rebuild. The maximum loan amount is \$300,000.

Microloan is a higher risk loan product aimed at helping emerging nonprofits, organizational restarts, debt consolidation, infrastructure capacity or rebuilding. Risk is mitigated by confidence in leadership and reasonable plans of the organization. The maximum loan amount is \$50,000.

Community facilities loan credit is generally extended to nonprofit organizations for building purchase, building repair, or renovation. Most of these loans are secured with first or second position mortgage liens.

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 3 LOANS RECEIVABLE (CONTINUED)**

Affordable housing loan credit is extended to nonprofit organizations specifically for the acquisition, construction, and/or renovation of single family or multi-family residences. Most of these loans are secured with mortgage liens or other business assets.

Community Asset Builder is a loan product extended to nonprofit organizations for building purchase or renovation, when the organization also meets specific criteria related to location and board makeup. Funding for this loan product is provided through a CDFI Equitable Recovery Program grant.

Capital asset/vehicle loans are aimed at providing nonprofits with financing for capital asset purchases.

Propel elected to exclude accrued interest from the amortized cost basis of loans. As of March 31, 2025 and 2024, accrued interest receivable for loans totaled \$81,248 and \$146,386, respectively, and is included in loan interest receivable on the statements of financial position.

**Aging of Past Due Loans:** The following table presents the aging of past due loans by loan segment as of March 31:

As of March 31, 2025	Current	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Total
Working Capital/Business	\$ 7,665,782	\$ -	\$ 123,169	\$ 18,952	\$ 7,807,903
Working Capital/RCL	3,533,145	-	-	-	3,533,145
Microloan	170,768	-	-	-	170,768
Capital Asset/Vehicle Loan	97,831	-	-	-	97,831
Community Facilities	18,153,046	1,325,403	530,781	376,676	20,385,906
Community Asset Builder Loan	1,133,379	-	-	-	1,133,379
Affordable Housing	982,019	-	161,054	-	1,143,073
Total	<u>\$ 31,735,970</u>	<u>\$ 1,325,403</u>	<u>\$ 815,004</u>	<u>\$ 395,628</u>	<u>\$ 34,272,005</u>

As of March 31, 2024	Current	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Total
Working Capital/Business	\$ 9,431,350	\$ 7,798	\$ 758	\$ 68,252	\$ 9,508,158
Working Capital/RCL	5,506,842	-	-	-	5,506,842
Microloan	158,887	-	-	-	158,887
Capital Asset/Vehicle Loan	119,759	-	-	-	119,759
Community Facilities	18,740,381	-	-	-	18,740,381
Affordable Housing	1,160,850	-	-	-	1,160,850
Total	<u>\$ 35,118,069</u>	<u>\$ 7,798</u>	<u>\$ 758</u>	<u>\$ 68,252</u>	<u>\$ 35,194,877</u>

Propel uses an internal risk rating system to monitor the credit quality of its loan portfolio. At the time of loan approval, each loan is assigned an initial risk classification. Classifications are reviewed at least quarterly during the term of the loan and at any time there is a significant change, positive or negative, in the borrower's operations. Loan credit quality is rated using letter designations from "A" to "Loss" and "M" and "N", with "A" being the highest quality rating and "Loss" being the lowest. All Microloans are rated "M". All loans rated "N" are those in which the full risk is borne by a third party.

**PROPEL NONPROFITS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

**NOTE 3 LOANS RECEIVABLE (CONTINUED)**

Each category is differentiated based on evaluation of financial measures, management and governance, collateral, payment history, and likelihood of full repayment. For reporting purposes in the following tables, ratings A, B, C, M and N are grouped as Pass. An N rating is also a pass since full risk is borne by a third party. Loans rated D are considered Watch. Loans with quality ratings of E are considered Substandard. Loans rated G or "Loss" are listed as Doubtful.

As of March 31, 2025	Pass	Watch	Substandard	Doubtful	Total
Working Capital/Business	\$ 6,332,717	\$ 1,397,700	\$ 36,003	\$ 41,483	\$ 7,807,903
Working Capital/RCL	3,334,322	198,823	-	-	3,533,145
Microloan	170,768	-	-	-	170,768
Capital Asset/ Vehicle Loan	97,831	-	-	-	97,831
Community Facilities	19,719,869	666,037	-	-	20,385,906
Community Asset Builder Loan	783,379	350,000	-	-	1,133,379
Affordable Housing	1,143,073	-	-	-	1,143,073
<b>Total</b>	<b>\$ 31,581,959</b>	<b>\$ 2,612,560</b>	<b>\$ 36,003</b>	<b>\$ 41,483</b>	<b>\$ 34,272,005</b>

  

As of March 31, 2024	Pass	Watch	Substandard	Doubtful	Total
Working Capital/Business	\$ 6,924,635	\$ 2,538,274	\$ -	\$ 45,249	\$ 9,508,158
Working Capital/RCL	5,029,619	258,520	-	218,703	5,506,842
Microloan	158,887	-	-	-	158,887
Capital Asset/ Vehicle Loan	119,759	-	-	-	119,759
Community Facilities	18,213,232	527,149	-	-	18,740,381
Affordable Housing	1,160,850	-	-	-	1,160,850
<b>Total</b>	<b>\$ 31,606,982</b>	<b>\$ 3,323,943</b>	<b>\$ -</b>	<b>\$ 263,952</b>	<b>\$ 35,194,877</b>

**Allowance for Credit Losses:** The allowance for credit losses is established as losses are estimated to have occurred through a provision for credit losses charged to earnings. Loans are charged against the allowance for credit losses when management confirms that the principal will not be collected. Subsequent recoveries, if any, are credited to the allowance. A summary of the activity in the allowance for credit losses on loans for the years ended March 31 is as follows:

	Working Capital Business	Working Capital RCL	Microloan	Capital Asset/ Vehicle Loan	Community Facilities	Affordable Housing	Total
<b>March 31, 2025</b>							
<i>Allowance for Credit Losses</i>							
Beginning Balance	\$ 502,431	\$ 367,875	\$ 100,916	\$ -	\$ 772,903	\$ 15,868	\$ 1,759,993
Provision for Credit Losses	111,813	77,237	(88,450)	7,142	1,317,765	214,569	1,640,076
Loans Charged-Off	(12,322)	(197,218)	-	-	(50,262)	-	(259,802)
Recovery of Loans Previously Charged Off	-	-	-	-	-	-	-
Ending Balance	<b>\$ 601,922</b>	<b>\$ 247,894</b>	<b>\$ 12,466</b>	<b>\$ 7,142</b>	<b>\$ 2,040,406</b>	<b>\$ 230,437</b>	<b>\$ 3,140,267</b>
<b>March 31, 2024</b>							
<i>Allowance for Credit Losses</i>							
Beginning Balance	\$ 323,751	\$ 297,646	\$ 56,756	\$ -	\$ 883,188	\$ 57,989	\$ 1,619,330
Transfers to ACL - Unfunded	(179,234)	3,955	(50,675)	-	228,820	(25,970)	(23,104)
Provision for Credit Losses	389,914	66,274	94,835	-	(339,105)	(16,151)	195,767
Loans Charged-Off	(32,000)	-	-	-	-	-	(32,000)
Recovery of Loans Previously Charged Off	-	-	-	-	-	-	-
Ending Balance	<b>\$ 502,431</b>	<b>\$ 367,875</b>	<b>\$ 100,916</b>	<b>\$ -</b>	<b>\$ 772,903</b>	<b>\$ 15,868</b>	<b>\$ 1,759,993</b>

**PROPEL NONPROFITS**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

**NOTE 3 LOANS RECEIVABLE (CONTINUED)**

In addition to the allowance for credit losses on the loans above, Propel has established an allowance for credit losses on unfunded commitments, classified in other liabilities on the statements of financial position. This allowance is maintained at a level that management believes is sufficient to absorb losses arising from unfunded loan commitments, and is determined based on a methodology similar to the methodology for determining the allowance for credit losses on loans adjusted for the expected advance rate. The allowance for credit losses on unfunded commitments was \$261,889 and \$30,329 as of March 31, 2025 and 2024, respectively.

The provision for credit losses is determined by Propel as the amount to be added to the allowance for credit losses for loans and unfunded commitments after net charge-offs have been deducted to bring the allowance for credit losses to a level that, in management's judgement, is necessary to absorb expected credit losses over the lives of the respective financial instruments. The components of the provision for credit losses included in the statements of activity for the years ended March 31 are as follows:

	2025	2024
Loans	\$ 1,640,076	\$ 195,767
Unfunded Commitments	231,560	7,225
Total Provision for Credit Losses	\$ 1,871,636	\$ 202,992

**Loan Charge-Offs and Recoveries:** During fiscal year 2025 Propel charged off five loans totaling \$259,802. In fiscal year 2024 Propel charged off one loan totaling \$32,000.

**Collateral Dependent Loans:** A loan is considered to be collateral dependent when, based upon management assessment, the borrower is experiencing financial difficulty and repayment is expected to be provided substantially through the operation or sale of collateral. For collateral dependent loans, expected credit losses are based on the estimated fair value of the collateral at the balance sheet date, with consideration for estimated selling costs of collateral dependent loans by portfolio segment and collateral type, including those loans with and without a related allowance allocation.

The allowance for credit losses for loans considered to be collateral dependent as of March 31 is as follows:

	Working Capital Business	Working Capital RCL	Microloan	Capital Asset/ Vehicle Loan	Community Facilities	Affordable Housing	Total
<u>March 31, 2025</u>							
<i>Allowance for Credit Losses</i>							
Ending Balance:							
Collateral Dependent	\$ 109,172	\$ -	\$ -	\$ -	\$ 691,835	\$ -	\$ 801,007
<i>Loans:</i>							
Ending Balance:							
Collateral Dependent	\$ 109,172	\$ -	\$ -	\$ -	\$ 691,835	\$ -	\$ 801,007

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 3 LOANS RECEIVABLE (CONTINUED)**

<u>March 31, 2024</u>	Working Capital Business	Working Capital RCL	Microloan	Capital Asset/ Vehicle Loan	Community Facilities	Affordable Housing	Total
<i>Allowance for Credit Losses</i>							
Ending Balance:							
Collateral Dependent	\$ -	\$ 197,200	\$ -	\$ -	\$ 39,002	\$ -	\$ 236,202
<i>Loans:</i>							
Ending Balance:							
Collateral Dependent	\$ -	\$ 197,200	\$ -	\$ -	\$ 1,187,602	\$ -	\$ 1,384,802

**Modified and Restructured Loans:** On occasion, an outstanding loan is modified or restructured to offer the nonprofit borrower the best chance of success in sustaining their business model and repaying the loan.

Modifications may take the form of temporary adjustments for interest-only payments, an extension of maturity date, or other amendments to the original terms of the loan. For FY 2025 and FY 2024, 7 and 13 loans were modified bringing the total modified balance to \$801,552 and \$1,218,669, respectively. Of the modified loans as of March 31, 2025, not all were performing or current with payments. Of the modified loans as of March 31, 2024, all were performing and were current with payments. Modifications to borrowers experiencing financial difficulty may include term extensions, payment delay, or other actions intended to minimize economic loss and to avoid foreclosure or repossession of collateral. The following tables present the amortized cost basis of loan modifications made to borrowers experiencing financial difficulty during the years ended March 31:

	Type of Concession			Total	% of Total Segment of Loans
	Term Extension	Interest Rate Reduction	Payment Delay and Term Extension		
<u>Balances as of March 31, 2025</u>					
Working Capital/Business	\$ 150,000	\$ -	\$ 536,125	\$ 686,125	8.79%
Working Capital/RCL	-	-	-	-	0.00%
Microloan	-	-	15,480	15,480	9.06%
Community Facilities	-	-	-	-	0.00%
Affordable Housing	99,947	-	-	99,947	8.74%
Total	<u>\$ 249,947</u>	<u>\$ -</u>	<u>\$ 551,605</u>	<u>\$ 801,552</u>	<u>2.34%</u>

	Type of Concession			Total	% of Total Segment of Loans
	Term Extension	Interest Rate Reduction	Payment Delay and Term Extension		
<u>Balances as of March 31, 2024</u>					
Working Capital/Business	\$ 1,093,600	\$ -	\$ 20,000	\$ 1,113,600	11.71%
Working Capital/RCL	-	-	-	-	0.00%
Microloan	-	-	-	-	0.00%
Capital Asset/ Vehicle Loan	-	-	-	-	0.00%
Community Facilities	-	-	5,069	5,069	0.03%
Affordable Housing	100,000	-	-	100,000	8.61%
Total	<u>\$ 1,193,600</u>	<u>\$ -</u>	<u>\$ 25,069</u>	<u>\$ 1,218,669</u>	<u>3.46%</u>

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 3 LOANS RECEIVABLE (CONTINUED)**

For the year ended March 31, 2025 payment delays and term extensions made to borrowers experiencing financial difficulty included:

- Working Capital/Business – Added a weighted-average 4 months to the life of loans, which reduced monthly payment amounts for the borrowers.
- Microloan – Provided four-month interest-only payment period.
- Affordable Housing – Added a weighted-average 4 months to the life of loans, which reduced monthly payment amounts for the borrowers.

For the year ended March 31, 2024 payment delays and term extensions made to borrowers experiencing financial difficulty included:

- Working Capital/Business – Added a weighted-average 2 months to the life of loans, which reduced monthly payment amounts for the borrowers.
- Community Facilities – Added a weighted-average 11 months to the life of loans, which reduced monthly payment amounts for the borrowers.
- Affordable Housing – Added a weighted-average 8 months to the life of loans, which reduced monthly payment amounts for the borrowers.

The were no loans that had a payment default during the year ended March 31, 2025 and were modified as borrowers experiencing financial difficulty during the period.

**NOTE 4 LIQUIDITY, AVAILABILITY, AND RESERVES MANAGEMENT**

Propel maintains and manages adequate operating and loan fund reserves per policies set by its board of directors. In the case of the operating reserve, the Finance Committee of the board regularly reviews and recommends reserve policies to the full board for approval. In the case of loan fund reserves, including loan loss reserves, the Loan Committee regularly reviews and recommends reserve policies to the full board for approval. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are made up of the following:

	2025	2024
Assets Without Donor Restrictions Available		
Within 12 Months:		
Cash and Cash Equivalents (Program and Operations)	\$ 5,107,028	\$ 2,294,655
Cash and Cash Equivalents (Loan Fund)	15,801,261	9,251,767
Accounts Receivable (Net of Allowance)	498,269	511,397
Loan Interest Receivable	81,248	146,386
Total	\$ 21,487,806	\$ 12,204,205

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 4 LIQUIDITY, AVAILABILITY, AND RESERVES MANAGEMENT (CONTINUED)**

Per its financial policies, Propel maintains an operating reserve with a value of no less than one-fourth of budgeted operating expenses, calculated less noncash items such as loan loss reserves and depreciation, and less grants to other entities that have a specific, corresponding revenue source. The reserve itself consists of cash, cash equivalents, CDs, assets with donor restrictions that will likely be released within 90 days, and other receivables likely to mature within 90 days.

	2025	2024
Operating Reserve Available Within 90 Days:		
Cash and Cash Equivalents (Program and Operations Only)	\$ 5,107,028	\$ 2,294,655
Accounts Receivable (Net of Allowance)	498,269	511,397
Loan Interest Receivable (Available for Program and Operations)	81,248	146,386
Donor-Restricted Assets Estimated to be Released Within 90 Days	235,895	70,884
Total	\$ 5,922,440	\$ 3,023,322
Operating Reserve Requirement Per Policy:		
Budgeted Operating Expenses Subsequent Year	\$ 6,655,713	\$ 10,888,065
Less: Depreciation Expense	(135,659)	(166,491)
Less: Provision for Credit Losses	-	(300,000)
Less: Grants to Other Entities with a Corresponding Source of Revenue	(436,253)	(4,044,000)
Subtotal	6,083,801	6,377,574
Total Operating Reserve Requirement	\$ 1,520,950	\$ 1,594,394
	Balance as of March 31, 2025	Estimated for Release
Other Assets Estimated to be Available Within 12 Months Budgeted and Likely Releases from Restriction Within 12 Months:		
Cash With Donor Restrictions (Program and Operations)	\$ 619,980	\$ 619,980
Grants Receivable With Donor Restrictions (Program and Operations)	350,000	350,000
Cash Recorded as Deferred Revenue (Program and Operations)	272,655	272,655
Cash Recorded as Deferred Revenue (Loan Fund)	2,975,044	1,500,000
Total	\$ 4,217,679	\$ 2,742,635

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 4 LIQUIDITY, AVAILABILITY, AND RESERVES MANAGEMENT (CONTINUED)**

Per its loan policies, Propel maintains an allowance for credit losses on loans equal to at least 5% of the outstanding loan balance. This reserve is maintained and managed to mitigate the risk of possible loan charge-offs. The loan loss reserve is funded through the operating budget as approved by the board of directors. See Note 3 – Loans Receivable for detailed information on the allowance for credit losses as of March 31, 2025.

<u>March 31, 2025</u>	Working Capital Business	Working Capital RCL	Microloan	Capital Asset/ Vehicle Loan	Community Facilities	Affordable Housing	Total
<i>Allowance for Credit Losses</i>							
Ending Balance:							
Collateral Dependent	\$ 109,172	\$ -	\$ -	\$ -	\$ 691,835	\$ -	\$ 801,007
<i>Loans:</i>							
Ending Balance:							
Collateral Dependent	\$ 109,172	\$ -	\$ -	\$ -	\$ 691,835	\$ -	\$ 801,007

The Finance Committee, Loan Committee, and board receive quarterly financial and loan portfolio reports that include information on liquidity and reserves. As part of its commitment to investors, Propel provides quarterly investor reports that include financial and loan portfolio data. Propel also maintains its annual certification with the Community Development Financial Institution (CDFI) Fund and is rated on an annual basis by Aeris, the CDFI industry rating agency.

**NOTE 5 FIXED ASSETS**

Fixed assets consist of the following as of March 31:

	2025	2024
Furniture and Equipment	\$ 578,830	\$ 554,111
Leasehold Improvements	632,358	632,358
Work in Progress	24,656	-
Subtotal	1,235,844	1,186,469
Less: Accumulated Depreciation	(923,146)	(793,024)
Total	\$ 312,698	\$ 393,445

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 6 NOTES PAYABLE AND OTHER CAPITAL**

This chart displays notes payable, which consist of loans with stated interest from 1.00% to 5.50% maturing through FY2036. Principal payments on notes payable and other capital at March 31, 2025 are as follows:

<u>Year Ending March 31,</u>	<u>Amount</u>
2026	\$ 3,005,351
2027	1,100,000
2028	10,075,000
2029	4,462,500
2030	1,408,492
Thereafter	9,038,701
Total	<u><u>\$ 29,090,044</u></u>

Certain note agreements require compliance with various financial covenants and require audited financial statements.

Propel has entered into participation agreements with Southwest Initiative Foundation (SWIF), and the City of Minneapolis office of Community Planning and Economic Development (CPED) that are being treated as secured borrowings. Propel has the obligation to pass through interest and principal payments subject to the terms of the agreements for the life of such agreements. The principal repayment obligations stated in the participation agreements are included in the table above. The current balance of the participations as of March 31, 2025 and 2024 was \$44,052 and \$84,786, respectively.

**NOTE 7 LINES OF CREDIT AND OTHER AVAILABLE CAPITAL**

Propel has revolving lines of credit that are available for lending capital or operations. Stated interest rates for these lines range from 3-Month Bloomberg Short Term Yield Index plus 2.75% to the Prime Rate as published in the *Wall Street Journal*. These lines are unsecured. There were no outstanding borrowings as of March 31, 2025 and 2024. At March 31, 2025, the following lines of credit and other capital financing were available to be drawn:

<u>Lines of Credit</u>	<u>Maturity Date</u>	<u>Amount</u>
Minnesota Bank & Trust	11/30/2026	\$ 2,000,000
Synchrony Financial	12/31/2025	2,000,000
Total Lines of Credit		<u><u>\$ 4,000,000</u></u>

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 8 RETIREMENT PLAN**

Following the January 2017 business combination, the retirement plans of both organizations were maintained. In FY18, the board of directors approved to adopt the already existing Mutual of America plan. The plan retains the employer contribution of 5% of gross salary, with no matching provision. Employees are free to make additional voluntary contributions to the plan. Retirement plan expense was \$160,670 and \$142,815 for the years ended March 31, 2025 and 2024, respectively.

**NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following as of March 31:

	<u>2025</u>	<u>2024</u>
Restricted for Specific Purposes:		
Program and Operations - Purpose	\$ 594,983	\$ 1,395,297
Program and Operations - Time	375,000	670,000
Fiscal Sponsorship Fund - Purpose	3,665,676	486,507
Total	<u>\$ 4,635,659</u>	<u>\$ 2,551,804</u>

Net assets were released during the years ended March 31 for the following purposes:

	<u>2025</u>	<u>2024</u>
Release for Satisfaction of Specific Purpose:		
Program and Operations - Purpose	\$ 1,350,116	\$ 3,504,774
Program and Operations - Time	370,000	135,150
Fiscal Sponsorship Fund - Purpose	1,932,085	48,279
Fiscal Sponsorship Fund - Time	-	240,000
Total	<u>\$ 3,652,201</u>	<u>\$ 3,928,203</u>

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 10 LEASES**

Propel Nonprofits leases office space and equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2028.

The following table provides quantitative information concerning Propel Nonprofits' leases for the years ended March 31:

	<u>2025</u>	<u>2024</u>
Right-of-Use Assets:		
Financing Lease Right-of-Use Asset:	\$ 14,505	\$ 32,074
Operating Lease Right-of-Use Asset	623,955	838,088
Total Leased Right-of-Use Assets	<u>\$ 638,460</u>	<u>\$ 870,162</u>
Lease Liabilities:		
Current:		
Financing Leases	\$ 5,817	\$ 13,064
Operating Leases	268,917	259,075
Noncurrent:		
Financing Leases	9,252	15,020
Operating Leases	495,195	764,260
Total	<u>\$ 779,181</u>	<u>\$ 1,051,419</u>
Operating Lease Costs	\$ 236,421	\$ 243,786
Finance Lease Costs:		
Amortization of Right-to-Use Assets	\$ 13,776	\$ 25,297
Interest on Lease Liabilities	\$ 863	\$ 1,829
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 281,361	\$ 249,331
Operating Cash Flows from Finance Leases	\$ 863	\$ 1,829
Financing Cash Flows from Finance Leases	\$ 12,877	\$ 26,331
ROU Assets Obtained in Exchange for New Financing Lease Liabilities	\$ -	\$ 21,943
ROU Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ -
Weighted Average Remaining Lease Term:		
Financing Leases	2.7 Years	2.9 Years
Operating Leases	2.8 Years	3.8 Years
Weighted Average Discount Rate:		
Financing Leases	3.76%	4.17%
Operating Leases	2.53%	2.53%

**PROPEL NONPROFITS  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2025 AND 2024**

**NOTE 10 LEASES (CONTINUED)**

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as March 31, 2025:

<u>Year Ending March 31,</u>	<u>Operating Leases</u>	<u>Financing Leases</u>
2026	\$ 284,584	\$ 6,234
2027	287,807	4,786
2028	218,071	4,786
2029	-	-
Thereafter	-	-
Total Lease Payments	<u>790,462</u>	<u>15,806</u>
Less: Interest	<u>(26,350)</u>	<u>(737)</u>
Present Value of Lease Liabilities	<u>\$ 764,112</u>	<u>\$ 15,069</u>

**NOTE 11 CONCENTRATIONS**

Propel obtained 82% of its gifts and grant revenue from four funders and 78% of accounts and grants receivable from two funders for the year ended March 31, 2025. Propel obtained 28% of its gifts and grant revenue from two funders and 66% of accounts and grants receivable from two funders for the year ended March 31, 2024.

**NOTE 12 FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK**

In the normal course of business, Propel has outstanding commitments and contingent liabilities, such as commitments to extend credit, which are not included in the accompanying financial statements. Propel's exposure to credit loss in the event of nonperformance by the other party to the financial instruments for commitments to extend credit is represented by the contractual or notional amount of those instruments. Propel uses the same credit policies in making such commitments as it does for instruments that are included in the statements of financial condition. At March 31, 2025 and 2024, unfunded commitments under lines of credit were \$4,336,695 and \$3,313,029, respectively.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments are expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. Propel evaluates each customer's creditworthiness on a case by case basis. The amount of collateral obtained, if deemed necessary by Propel upon extension of credit, is based on management's credit evaluation. Collateral held varies but may include accounts receivable, inventory, property and equipment, and income producing commercial properties.

**PROPEL NONPROFITS**  
**SCHEDULE OF FINANCIAL POSITION BY FUND**  
**MARCH 31, 2025**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Without Donor Restrictions				With Donor Restrictions				Total
	Program and Operations	Loan Fund	Fiscal Sponsorship Fund	Total	Program and Operations	Loan Fund	Fiscal Sponsorship Fund	Total	
<b>ASSETS</b>									
<b>CURRENT ASSETS</b>									
Cash and Equivalents	\$ 4,999,056	\$ 15,801,261	\$ 102,649	\$ 20,902,966	\$ 619,980	\$ -	\$ 1,449,597	\$ 2,069,577	\$ 22,972,543
Certificates of Deposit	107,972	-	-	107,972	-	-	-	-	107,972
Accounts Receivable and Grant Receivables, Net of Allowance of \$8,522	498,269	-	-	498,269	350,000	-	2,216,082	2,566,082	3,064,351
Loans Receivable, Net of Allowance of \$1,492,734	-	11,416,326	-	11,416,326	-	-	-	-	11,416,326
Loan Interest Receivable	81,248	-	-	81,248	-	-	-	-	81,248
Other Receivables	3,646	100	-	3,746	-	-	-	-	3,746
Prepays	212,674	-	-	212,674	-	-	-	-	212,674
Total Current Assets	5,902,865	27,217,687	102,649	33,223,201	969,980	-	3,665,679	4,635,659	37,858,860
<b>NONCURRENT ASSETS</b>									
Loan Fund - Cash Reserve - Long Term	-	3,140,267	-	3,140,267	-	-	-	-	3,140,267
Loans Receivable, Net of Allowance of \$1,647,533	-	19,715,412	-	19,715,412	-	-	-	-	19,715,412
Fixed Assets, Net of Depreciation	312,698	-	-	312,698	-	-	-	-	312,698
ROU Asset, Net of Amortization	638,460	-	-	638,460	-	-	-	-	638,460
Total Noncurrent Assets	951,158	22,855,679	-	23,806,837	-	-	-	-	23,806,837
Total Assets	\$ 6,854,023	\$ 50,073,366	\$ 102,649	\$ 57,030,038	\$ 969,980	\$ -	\$ 3,665,679	\$ 4,635,659	\$ 61,665,697

**PROPEL NONPROFITS**  
**SCHEDULE OF FINANCIAL POSITION BY FUND (CONTINUED)**  
**MARCH 31, 2025**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Without Donor Restrictions				With Donor Restrictions				Total
	Program and Operations	Loan Fund	Fiscal Sponsorship Fund	Total	Program and Operations	Loan Fund	Fiscal Sponsorship Fund	Total	
<b>LIABILITIES AND NET ASSETS</b>									
<b>CURRENT LIABILITIES</b>									
Current Portion of Notes Payable	\$ -	\$ 3,005,351	\$ -	\$ 3,005,351	\$ -	\$ -	\$ -	\$ -	\$ 3,005,351
Accounts Payable and Accrued Expenses	819,994	-	2,638	822,632	-	-	-	-	822,632
Current Portion of ROU Lease Liability	274,734	-	-	274,734	-	-	-	-	274,734
Interest Payable	90,952	-	-	90,952	-	-	-	-	90,952
Deferred Revenue - Current	272,655	1,500,000	-	1,772,655	-	-	-	-	1,772,655
Other Liabilities	-	261,889	-	261,889	-	-	-	-	261,889
Loan Receivable Forgiveness	-	166,250	-	166,250	-	-	-	-	166,250
Fund Managed for Fiscally-Sponsored Clients	-	-	100,011	100,011	-	-	-	-	100,011
Total Current Liabilities	1,458,335	4,933,490	102,649	6,494,474	-	-	-	-	6,494,474
<b>LONG-TERM LIABILITIES</b>									
Notes Payable	-	26,084,693	-	26,084,693	-	-	-	-	26,084,693
Deferred Revenue - Long Term	-	1,475,044	-	1,475,044	-	-	-	-	1,475,044
ROU Lease Liability	504,447	-	-	504,447	-	-	-	-	504,447
Total Long-Term Liabilities	504,447	27,559,737	-	28,064,184	-	-	-	-	28,064,184
Total Liabilities	1,962,782	32,493,227	102,649	34,558,658	-	-	-	-	34,558,658
<b>NET ASSETS</b>									
Without Donor Restrictions	4,891,241	17,580,139	-	22,471,380	-	-	-	-	22,471,380
With Donor Restrictions	-	-	-	-	969,980	-	3,665,679	4,635,659	4,635,659
Total Net Assets	4,891,241	17,580,139	-	22,471,380	969,980	-	3,665,679	4,635,659	27,107,039
Total Liabilities and Net Assets	\$ 6,854,023	\$ 50,073,366	\$ 102,649	\$ 57,030,038	\$ 969,980	\$ -	\$ 3,665,679	\$ 4,635,659	\$ 61,665,697

**PROPEL NONPROFITS**  
**SCHEDULE OF ACTIVITIES BY FUND**  
**YEAR ENDED MARCH 31, 2025**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Without Donor Restrictions				With Donor Restrictions				Total
	Program and Operations	Loan Fund	Fiscal Sponsorship Fund	Total	Program and Operations	Loan Fund	Fiscal Sponsorship Fund	Total	
<b>REVENUES</b>									
Gifts and Grants	\$ 6,651,670	\$ 6,984,750	\$ -	\$ 13,636,420	\$ 624,800	\$ -	\$ 5,111,256	\$ 5,736,056	\$ 19,372,476
Loan Interest Income	2,055,135	-	-	2,055,135	-	-	-	-	2,055,135
Loan Fee Revenue	123,247	-	-	123,247	-	-	-	-	123,247
Program Revenue	821,549	-	-	821,549	-	-	-	-	821,549
Investment Income	628,780	-	-	628,780	-	-	-	-	628,780
Net Assets Released from Restrictions	1,720,116	-	1,932,085	3,652,201	(1,720,116)	-	(1,932,085)	(3,652,201)	-
<b>Total Revenues</b>	<b>12,000,497</b>	<b>6,984,750</b>	<b>1,932,085</b>	<b>20,917,332</b>	<b>(1,095,316)</b>	<b>-</b>	<b>3,179,171</b>	<b>2,083,855</b>	<b>23,001,187</b>
<b>EXPENSES</b>									
Program Services:									
Training, Guidance, and Knowledge Sharing	467,840	-	-	467,840	-	-	-	-	467,840
Capacity Building Initiatives	3,010,891	-	-	3,010,891	-	-	-	-	3,010,891
Lending	1,998,501	1,871,637	514	3,870,652	-	-	-	-	3,870,652
Strategic Services	740,933	-	-	740,933	-	-	-	-	740,933
Accounting and Finance Services	267,715	-	-	267,715	-	-	-	-	267,715
Fiscal Sponsorship	502,827	-	1,931,571	2,434,398	-	-	-	-	2,434,398
<b>Total Program Services</b>	<b>6,988,707</b>	<b>1,871,637</b>	<b>1,932,085</b>	<b>10,792,429</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,792,429</b>
Core Mission Support: Management and General	1,352,420	-	-	1,352,420	-	-	-	-	1,352,420
Core Mission Support: Fundraising	422,819	-	-	422,819	-	-	-	-	422,819
<b>Total Expenses</b>	<b>8,763,946</b>	<b>1,871,637</b>	<b>1,932,085</b>	<b>12,567,668</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,567,668</b>
<b>CHANGE IN NET ASSETS</b>	<b>3,236,551</b>	<b>5,113,113</b>	<b>-</b>	<b>8,349,664</b>	<b>(1,095,316)</b>	<b>-</b>	<b>3,179,171</b>	<b>2,083,855</b>	<b>10,433,519</b>
Net Assets - Beginning of Year	1,654,690	12,467,026	-	14,121,716	2,065,296	-	486,508	2,551,804	16,673,520
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 4,891,241</b>	<b>\$ 17,580,139</b>	<b>\$ -</b>	<b>\$ 22,471,380</b>	<b>\$ 969,980</b>	<b>\$ -</b>	<b>\$ 3,665,679</b>	<b>\$ 4,635,659</b>	<b>\$ 27,107,039</b>



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