Propel Nonprofits’ (Propel) mission is to fuel the impact and effectiveness of nonprofits with guidance, expertise, and capital. Propel’s clients are nonprofits in Minnesota and the surrounding states that are rooted in their communities, and many are led by the minority population they serve. Since incorporating in 1998, Propel has deployed over $200 million in loans to nonprofits. This growth would not have been possible without $7.4 million in Financial Assistance (FA) awards it’s received from the CDFI Fund. These investments, have allowed Propel to consistently grow its impact.

Bank loans for working capital, pre-development, gap financing, and growth capital are often unavailable to nonprofits because they frequently lack collateral, accumulated equity or reserves, or unrestricted income sources. If bank financing is an option, the loan may not provide the flexibility nonprofits need, especially those whose funding is tied to state or federal funding contracts. Propel fills the financing need for nonprofits by providing working capital, lines of credit, and facility loans ranging from $20,000 to $1 million.

Beyond capital, Propel provides a range of other services to support nonprofits at various points in their lifecycles, including strategic consulting, fiscal sponsorship, accounting and finance, trainings, and free online resources.

**Penumbra Theatre**

Penumbra Theatre is one of the preeminent African American performing arts organization in the United States. Under the artistic direction of its founder, Lou Bellamy, it has served as a beacon for the Black Arts Movement and is a mainstay of the Twin Cities’ arts scene. Penumbra is located in St. Paul’s Rondo community, a historically African American neighborhood that underwent large displacement in the 1960s due to the I-94 freeway construction and where incomes remain below the area average.

When Penumbra hit a financial crisis in its 2011-2012 season, its leaders turned to Propel Nonprofits to make tough but necessary organizational shifts. Propel helped stabilize the company with a $65,000 working capital loan, but realized more than money was needed. Propel’s advisory role with Penumbra emphasized capitalization and its business model, while keeping its mission central to the conversations.

For nonprofit theatre companies like Penumbra, challenges with cash flow are a common concern. Expenses go out before revenue comes in. In this case, as with others, Penumbra also keeps its ticket pricing affordable so performances are accessible to the Rondo community. The company offsets expenses with grants. As a nonprofit with limited collateral, a bank would not have been able to make this bridge loan, and if they did, it likely would not have been at a rate affordable to the organization.

Penumbra leadership cites Propel’s customized financial training for nonprofits as an indispensable resource. Propel’s partnership with Penumbra is ongoing; the company is one of 21 nonprofits in Propel’s Equity Builder Loan Program, an innovative program that adds equity to undercapitalized community anchors like Penumbra through a forgivable loan and ongoing technical assistance.