PROPEL NONPROFITS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED MARCH 31, 2022 AND 2021

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CliftonLarsonAllen LLP
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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, 2022 and 2021, 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, 2022 and 2021, and the changes in its net assets, its functional expenses, 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 consolidated 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 consolidated 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 consolidated 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 – Schedule of Financial Position and Activities by Fund

Our audit as of and for the year ended March 31, 2022 was 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.

Emphasis of Matter – Restatement of Prior Year Net Assets

As described in Note 1 to the financial statements, the prior year was restated due to two grant agreements that were not properly recorded in the prior year financial statements. As a result, the organization has restated its March 31, 2021 financial statements to properly reflect these items in accordance with accounting principles generally accepted in the United State of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
July 21, 2022

PROPEL NONPROFITS
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2022 AND 2021

	March 31, 2022			March 31, 2021 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	$ 12,385,724	$ 7,199,076	$ 19,584,800	$ 12,475,035	$ 2,410,723	$ 14,885,758
Accounts and Grants Receivable, Net of Allowance for Doubtful Accounts of $4,303 in 2022 and $10,053 in 2021	189,125	682,000	871,125	160,350	936,332	1,096,682
Loans Receivable, Net of Allowance of $385,460 in 2022 and 2021	6,746,443	-	6,746,443	5,215,515	-	5,215,515
Loan Interest Receivable	57,628	-	57,628	53,798	-	53,798
Other Receivables	738,603	-	738,603	-	-	-
Prepaids	144,636	-	144,636	103,260	-	103,260
Total Current Assets	20,262,159	7,881,076	28,143,235	18,007,958	3,347,055	21,355,013
NONCURRENT ASSETS						
Loans Receivable, Net of Allowance of $1,058,870 in 2022 and $1,033,870 in 2021	20,678,205	-	20,678,205	18,271,804	-	18,271,804
Certificates of Deposit	100,000	84,349	184,349	100,000	84,349	184,349
Fixed Assets, Net of Depreciation	553,834	-	553,834	667,910	-	667,910
Total Noncurrent Assets	21,332,039	84,349	21,416,388	19,039,714	84,349	19,124,063
Total Assets	$ 41,594,198	$ 7,965,425	$ 49,559,623	$ 37,047,672	$ 3,431,404	$ 40,479,076

See accompanying Notes to Financial Statements.

PROPEL NONPROFITS
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
MARCH 31, 2022 AND 2021

	March 31, 2022			March 31, 2021 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Notes Payable	$ 4,665,477	$ -	$ 4,665,477	$ 2,197,156	$ -	$ 2,197,156
Accounts Payable and Accrued Expenses	717,756	-	717,756	592,713	-	592,713
Capital Lease Obligation	18,780	-	18,780	23,963	-	23,963
Interest Payable	97,370	-	97,370	88,643	-	88,643
Deferred Revenue	416,302	-	416,302	561,750	-	561,750
Deferred Rent Credit	31,570	-	31,570	31,570	-	31,570
Loan Receivable Forgiveness	896,250	-	896,250	-	-	-
Funds Managed for Fiscally-Sponsored Clients	581,906	-	581,906	690,659	-	690,659
Total Current Liabilities	7,425,411	-	7,425,411	4,186,454	-	4,186,454
LONG-TERM LIABILITIES						
Notes Payable	20,738,302	-	20,738,302	20,333,507	-	20,333,507
Capital Lease Obligation	19,666	-	19,666	24,545	-	24,545
Deferred Rent Credit	149,959	-	149,959	181,529	-	181,529
Total Long-Term Liabilities	20,907,927	-	20,907,927	20,539,581	-	20,539,581
Total Liabilities	28,333,338	-	28,333,338	24,726,035	-	24,726,035
NET ASSETS						
Without Donor Restrictions:						
Undesignated	13,260,860	-	13,260,860	12,321,637	-	12,321,637
Designated by Board for Lending	-	-	-	-	-	-
Total Unrestricted Net Assets	13,260,860	-	13,260,860	12,321,637	-	12,321,637
With Donor Restrictions	-	7,965,425	7,965,425	-	3,431,404	3,431,404
Total Net Assets	13,260,860	7,965,425	21,226,285	12,321,637	3,431,404	15,753,041
Total Liabilities and Net Assets	$ 41,594,198	$ 7,965,425	$ 49,559,623	$ 37,047,672	$ 3,431,404	$ 40,479,076

See accompanying Notes to Financial Statements.

PROPEL NONPROFITS
STATEMENTS OF ACTIVITIES
YEARS ENDED MARCH 31, 2022 AND 2021

	March 31, 2022			March 31, 2021 (Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Gifts and Grants	$ 4,162,936	$ 8,252,667	$ 12,415,603	$ 3,816,110	$ 2,430,390	$ 6,246,500
Loan Interest Income	1,376,524	-	1,376,524	1,547,140	-	1,547,140
Loan Fee Revenue	97,500	-	97,500	60,026	-	60,026
Program Revenue	568,033	-	568,033	459,811	-	459,811
Investment Income	23,095	-	23,095	15,487	-	15,487
Other Income	-	-	-	15,810	-	15,810
Contribution from Acquisition	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Net Assets Released from Restrictions	3,718,646	(3,718,646)	-	2,274,848	(2,274,848)	-
Total Revenues	9,946,734	4,534,021	14,480,755	8,189,232	155,542	8,344,774
EXPENSES						
Program Service:						
Training, Guidance, and Knowledge Sharing	2,659,411	-	2,659,411	1,384,355	-	1,384,355
Lending	2,268,465	-	2,268,465	1,399,996	-	1,399,996
Strategic Services	580,587	-	580,587	601,660	-	601,660
Accounting and Finance Services	196,134	-	196,134	209,244	-	209,244
FS and Incorporation Services	2,002,807	-	2,002,807	2,713,971	-	2,713,971
Total Program Services	7,707,404	-	7,707,404	6,309,226	-	6,309,226
Core Mission Support: Management and General	1,078,321	-	1,078,321	966,383	-	966,383
Core Mission Support: Fundraising	221,786	-	221,786	198,704	-	198,704
Total Expenses	9,007,511	-	9,007,511	7,474,313	-	7,474,313
CHANGE IN NET ASSETS	939,223	4,534,021	5,473,244	714,919	155,542	870,461
Net Assets - Beginning of Year (as Previously Reported)	12,321,637	2,823,404	15,145,041	11,606,718	3,275,862	14,882,580
Prior Period Adjustment (see Note 1)	-	608,000	608,000	-	-	-
Net Assets - Beginning of Year (Restated)	12,321,637	3,431,404	15,753,041	11,606,718	3,275,862	14,882,580
NET ASSETS - END OF YEAR	$ 13,260,860	$ 7,965,425	$ 21,226,285	$ 12,321,637	$ 3,431,404	$ 15,753,041

See accompanying Notes to Financial Statements.

PROPEL NONPROFITS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2022

	Program Services						Core Mission Support			
	Training, Guidance, and Knowledge Sharing	Lending	Strategic Services	Accounting and Finance Services	Fiscal Sponsorship and Incorporation Services	Subtotal	Management and General	Fundraising	Subtotal	Total
EXPENSES										
Personnel Expenses	$ 635,627	$ 598,054	$ 491,629	$ 164,234	$ 173,782	$ 2,063,326	$ 798,039	$ 175,942	$ 973,981	$ 3,037,307
Contracted Services	221,418	17,542	600	-	1,260	240,820	115,649	12,800	128,449	369,269
Grants to Other Entities	1,662,288	-	-	-	1,774,473	3,436,761	-	-	-	3,436,761
Capital Support to Nonprofits	-	977,917	-	-	-	977,917	-	-	-	977,917
Occupancy	62,064	55,365	41,605	15,491	15,453	189,978	62,036	16,343	78,379	268,357
Equipment and Technology Expense	49,957	43,564	32,020	11,971	30,955	168,467	48,140	12,812	60,952	229,419
Travel Expenses	190	11	1,378	-	-	1,579	136	14	150	1,729
Meeting Expenses	600	4,958	1,425	-	75	7,058	1,886	75	1,961	9,019
Marketing and Communications Expenses	4,052	4,575	2,671	1,028	951	13,277	3,015	1,438	4,453	17,730
Other Operating Expenses	23,215	13,413	9,259	3,410	5,538	54,835	49,177	2,347	51,524	106,359
Interest Expense on Debt	-	519,389	-	-	-	519,389	-	-	-	519,389
Provision for Loan Loss Reserve	-	25,000	-	-	-	25,000	-	-	-	25,000
Other Filing and Fee Expense	-	8,677	-	-	320	8,997	243	15	258	9,255
Total Direct Expenses	2,659,411	2,268,465	580,587	196,134	2,002,807	7,707,404	1,078,321	221,786	1,300,107	9,007,511
Administrative Allocation	329,715	286,824	216,976	80,871	78,092	992,478	(1,078,321)	85,843	(992,478)	-
Fundraising Allocation	100,800	89,657	67,325	25,346	24,501	307,629	-	(307,629)	(307,629)	-
True Program Costs	$ 3,089,926	$ 2,644,946	$ 864,888	$ 302,351	$ 2,105,400	$ 9,007,511	$ -	$ -	$ -	$ 9,007,511

See accompanying Notes to Financial Statements.

PROPEL NONPROFITS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED MARCH 31, 2021

	Program Services						Core Mission Support			
	Training, Guidance, and Knowledge Sharing	Lending	Strategic Services	Accounting and Finance Services	Fiscal Sponsorship and Incorporation Services	Subtotal	Management and General	Fundraising	Subtotal	Total
EXPENSES										
Personnel Expenses	$ 614,647	$ 699,979	$ 478,789	$ 172,897	$ 169,080	$ 2,135,392	$ 662,496	$ 146,084	$ 808,580	$ 2,943,972
Contracted Services	151,435	16,220	375	1,350	1,965	171,345	160,493	25,200	185,693	357,038
Grants to Other Entities	482,000	10,500	-	-	2,489,746	2,982,246	-	-	-	2,982,246
Capital Support to Nonprofits	-	212,500	-	-	-	212,500	-	-	-	212,500
Occupancy	62,943	60,151	45,666	16,139	17,098	201,997	58,634	13,268	71,902	273,899
Equipment and Technology Expense	57,958	62,768	40,324	14,828	29,270	205,148	53,298	11,601	64,899	270,047
Travel Expenses	58	133	10	21	29	251	7	-	7	258
Meeting Expenses	-	695	569	-	-	1,264	865	-	865	2,129
Marketing and Communications Expenses	2,482	2,314	1,728	589	635	7,748	1,378	452	1,830	9,578
Other Operating Expenses	12,832	13,376	34,199	3,382	6,148	69,937	29,212	2,099	31,311	101,248
Interest Expense on Debt	-	493,855	-	-	-	493,855	-	-	-	493,855
Provision for Loan Loss Reserve	-	(174,999)	-	-	-	(174,999)	-	-	-	(174,999)
Other Filing and Fee Expense	-	2,504	-	38	-	2,542	-	-	-	2,542
Total Direct Expenses	1,384,355	1,399,996	601,660	209,244	2,713,971	6,309,226	966,383	198,704	1,165,087	7,474,313
Administrative Allocation	280,964	268,549	206,213	73,598	77,196	906,520	(966,383)	59,863	(906,520)	-
Fundraising Allocation	80,588	77,020	58,709	20,473	21,777	258,567	-	(258,567)	(258,567)	-
True Program Costs	$ 1,745,907	$ 1,745,565	$ 866,582	$ 303,315	$ 2,812,944	$ 7,474,313	$ -	$ -	$ -	$ 7,474,313

See accompanying Notes to Financial Statements.

PROPEL NONPROFITS
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2022 AND 2021 (RESTATED)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 5,473,244	$ 870,461
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	160,202	175,612
Provision for Loan Loss Reserve	25,000	(174,999)
Amortization of Note Payable Commitment Fee	1,000	1,000
Gain on Sale of Fixed Assets	-	-
Changes in Assets and Liabilities:		
Accounts and Grants Receivable	225,557	441,170
Loan Interest Receivable	(3,830)	53,564
Prepaids	(41,376)	19,552
Other Receivables	(738,603)	-
Accounts Payable and Accrued Expenses	125,043	310,079
Interest Payable	8,727	(14,747)
Deferred Revenue	(145,448)	(14,440)
Deferred Rent Credit	(31,570)	(31,571)
Loan Receivable Forgiveness	896,250	-
Cash Receipts on Behalf of Fiscally Sponsored Clients	1,651,193	1,869,695
Cash Disbursements on Behalf of Fiscally Sponsored Clients	(1,760,020)	(2,259,982)
Net Cash Provided by Operating Activities	5,845,369	1,245,394
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan Receivable Principal Advanced	(17,044,650)	(6,817,408)
Loan Receivable Repayments	13,000,654	11,712,678
Loan Forgiveness - Equity Builder Program	81,667	212,500
Purchase of Fixed Assets	(47,126)	-
Net Cash Provided (Used) by Investing Activities	(4,009,455)	5,107,770
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Notes Payable	4,900,000	575,000
Principal Payments on Notes Payable	(1,925,333)	(1,467,445)
Note Payable Equipment Financing Principal Payments	(101,476)	(97,513)
Capital Lease Obligation Additions	15,650	-
Principal Payments on Capital Lease Obligation	(25,713)	(14,782)
Net Cash Provided (Used) by Financing Activities	2,863,128	(1,004,740)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,699,042	5,348,424
Cash and Cash Equivalents - Beginning of Year	14,885,758	9,537,334
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 19,584,800	$ 14,885,758
SUPPLEMENTAL CASH FLOW INFORMATION		
Noncash Equipment Additions	-	26,500
Cash Payments for Interest During the Year	$ 511,694	$ 519,715

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Propel Nonprofits' mission is fueling the effectiveness of nonprofits with guidance, expertise, and capital. Propel Nonprofits (Propel) serves nonprofits in Minnesota and neighboring states. 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.

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 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.

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, 2022 and 2021.

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.

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 Receivable

Accounts receivable are stated at net realizable value. The allowance for doubtful accounts was $4,303 and $10,053 as of March 31, 2022 and 2021, respectively. Management estimates this allowance of $4,303 to be appropriate to the current quality of receivables.

Loans Receivable

The loans receivable portfolio consists of notes with interest rates ranging from 2.0% to 7.0% with maturities through 2044. The board of directors has adopted a loan loss reserve policy. A loan loss reserve is maintained that is considered adequate to absorb losses inherent in the loan portfolio. Propel provides an allowance for uncollectible loans using the allowance method as well as a specific identification method. Interest income is not accrued on loans that are nonperforming. Various loans are secured by business assets or real estate collateral.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Gifts and Grants (Continued)

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. Propel Received advances on contracts of $403,935 that have not been recognized as of March 31, 2022 because qualifying expenditures have not been incurred and are shown as Deferred Revenue. Additionally, Propel received cost reimbursable contracts of $653,025 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.

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's portfolio. Correspondingly, there is no discount on notes payable stated at March 31, 2022 or 2021.

Equipment

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 agree with the current presentation. The reclassification had no effect on the change in total net assets as previously reported.

Prior Period Adjustment

The prior period adjustment shown on the statement of activities of $608,000 is a result of two grant agreements that were not properly recorded in a prior year. Opening net assets have been restated to increase with donor restriction net assets on the financial statements. The restatement of net assets is shown below.

	As Previously Reported	Prior Period Adjustment	As Restated
Current Assets			
Accounts and Grants Receivable, Net	$ 488,682	$ 608,000	$ 1,096,682
Net Assets			
Without Donor Restrictions:			
Undesignated	$ 12,321,637	$ -	$ 12,321,637
With Donor Restrictions	2,823,404	608,000	3,431,404
Total Net Assets	$ 15,145,041	$ 608,000	$ 15,753,041

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 purpose of the donor.

Once the funds have been granted to the fiscally sponsored client, the client has the option to hold and manage those funds on its own or enter an arrangement where Propel administers the funds on behalf of the client. If the client chooses to have Propel administer its funds, those funds become a liability of Propel. Propel Nonprofits holds the client's funds in a custodial account, provides bookkeeping and accounting services, and assists in other administrative duties. The management of the fiscally sponsored client directs the use of the funds. Propel simply executes the mechanics of the transactions. As of March 31, 2022 and 2021, the total liability of funds managed for fiscally-sponsored clients was $581,906 and $690,659, respectively.

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, 2022 are as follows:

Year Ending March 31,	Amount
2023, Net of Allowance of $394,116	$ 6,737,787
2024 through 2027, Net of Allowance of $906,579	16,905,770
Thereafter, Net of Allowance of $143,635	3,781,091
Total	$ 27,424,648

NOTE 3 LOANS RECEIVABLE (CONTINUED)

Propel has the following commitments as of March 31, 2022:

Available Nonrevolving Lines of Credit, with Maturities to FY2023	$ 37,038
Available Lines of Credit, with Maturities through FY2023	4,141,813
Total Commitments	$ 4,178,851

Loans receivable at March 31 were comprised of the following:

	2022	2021
Working Capital/Business	$ 3,907,219	$ 3,920,253
Working Capital/Recovery Capital Loan	3,585,000	-
Microloan	132,000	-
Working Capital/Equity Builder	5,222	334,768
Community Facilities	20,060,273	19,268,513
Affordable Housing	1,179,264	1,383,116
Subtotal	28,868,978	24,906,650
Allowance for Loan Losses	(1,444,330)	(1,419,331)
Loans Receivable, Net	$ 27,424,648	$ 23,487,319

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 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. Loan receivable forgiveness is a liability to account for the forgivable portion of recovery capital loans that are yet to be forgiven. At the time the loans are closed the liability is recorded and the forgiveness happens at a later date when the client satisfies the conditions for forgiveness.

NOTE 3 LOANS RECEIVABLE (CONTINUED)

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 This loan product will be reserved at 15%. The maximum loan amount is $50,000.

Equity Builder loan credit is a product developed in FY2017. The product brings capital to arts organizations and other nonprofits anchored in and transformational in their communities, especially communities of color and emerging immigrant communities. The program includes a new loan product that provides a three-year term loan to be used for working capital or facility purposes. The loans, which range from $50,000 - $200,000, invest immediate capital for stability and growth. A portion of the loan (between 20% - 40%) is converted to a grant (forgivable) over the three-year term. Propel is in the last year of the Equity Builder loan with $5,222 in loan receivables remaining.

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.

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.

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

	Current	31-60 Days Past Due	61-90 Days Past Due	90+ Days Past Due	Total	Nonaccruing Loans
As of March 31, 2022						
Working Capital/Business	$ 3,907,219	$ -	$ -	$ -	$ 3,907,219	$ -
Working Capital/RCL	3,585,000	-	-	-	3,585,000	-
Microloan	132,000	-	-	-	132,000	-
Working Capital/Equity Builder	5,222	-	-	-	5,222	-
Community Facilities	20,060,273	-	-	-	20,060,273	-
Affordable Housing	1,179,263	-	-	-	1,179,263	-
Total	$ 28,868,977	$ -	$ -	$ -	$ 28,868,977	$ -
As of March 31, 2021						
Working Capital/Business	$ 3,920,253	$ -	$ -	$ -	$ 3,920,253	$ -
Working Capital/Equity Builder	334,768	-	-	-	334,768	-
Community Facilities	19,268,513	-	-	-	19,268,513	-
Affordable Housing	1,383,116	-	-	-	1,383,116	-
Total	$ 24,906,650	$ -	$ -	$ -	$ 24,906,650	$ -

NOTE 3 LOANS RECEIVABLE (CONTINUED)

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 G and M and N, with A being the highest quality rating and G being the lowest. 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, and C are grouped as Pass. An N rating is also a pass since full risk is borne by a third party. Loans rated D and M are considered Watch. Loans with quality ratings of E and F are considered Substandard. Loans rated G are listed as Doubtful.

As of March 31, 2022	Pass	Watch	Substandard	Doubtful	Total
Working Capital/Business	$ 2,832,974	$ 1,074,245	$ -	$ -	$ 3,907,219
Working Capital/RCL	3,285,000	300,000	-	-	3,585,000
Microloan	-	132,000	-	-	132,000
Working Capital/Equity Builder	5,222	-	-	-	5,222
Community Facilities	19,292,424	767,849	-	-	20,060,273
Affordable Housing	1,179,263	-	-	-	1,179,263
Total	$ 26,594,883	$ 2,274,094	$ -	$ -	$ 28,868,977
Current	$ 26,594,883	$ 2,274,094	$ -	$ -	$ 28,868,977
Past Due 31-60 Days	-	-	-	-	-
Past Due 61-90 Days	-	-	-	-	-
Past Due 90 + Days	-	-	-	-	-
Total	$ 26,594,883	$ 2,274,094	$ -	$ -	$ 28,868,977

As of March 31, 2021	Pass	Watch	Substandard	Doubtful	Total
Working Capital/Business	$ 3,313,910	$ 606,343	$ -	$ -	$ 3,920,253
Working Capital/Equity Builder	277,472	57,296	-	-	334,768
Community Facilities	18,503,805	764,708	-	-	19,268,513
Affordable Housing	1,383,116	-	-	-	1,383,116
Total	$ 23,478,303	$ 1,428,347	$ -	$ -	$ 24,906,650
Current	$ 23,478,303	$ 1,428,347	$ -	$ -	$ 24,906,650
Past Due 31-60 Days		-	-	-	-
Past Due 61-90 Days	-	-	-	-	-
Past Due 90 + Days	-	-	-	-	-
Total	$ 23,478,303	$ 1,428,347	$ -	$ -	$ 24,906,650

NOTE 3 LOANS RECEIVABLE (CONTINUED)

Allowance for Loan Losses: The allowance for loan losses (loan loss reserve) is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loans are charged against the loan loss reserve when management confirms that the principal will not be collected. Subsequent recoveries, if any, are credited to the allowance. Activity in the loan loss reserve for the years ended March 31 was as follows:

March 31, 2022	Working Capital Business	Working Capital RCL	Microloan	Working Capital Equity Builder	Community Facilities	Affordable Housing	Total
Allowance for Loan Losses							
Beginning Balance	$ 284,047	$ -	$ -	$ 25,273	$ 1,032,083	$ 77,928	$ 1,419,331
Charge Offs	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-
Provisions	(25,471)	210,140	21,420	(24,991)	(137,107)	(18,992)	24,999
Ending Balance	$ 258,576	$ 210,140	$ 21,420	$ 282	$ 894,976	$ 58,936	$ 1,444,330
Allowance for Loan Losses							
Ending Balance: Individually Evaluated for Impairment	$ 107,425	$ 210,140	$ 21,420	$ 30,000	$ 76,471	$ -	$ 445,456
Ending Balance: Collectively Evaluated for Impairment	151,152	-	-	(29,718)	818,505	58,935	998,874
Total	$ 258,577	$ 210,140	$ 21,420	$ 282	$ 894,976	$ 58,935	$ 1,444,330
Financing Receivables							
Ending Balance: Individually Evaluated for Impairment	$ 107,425	$ 30,000	$ 19,800	$ -	$ 76,471	$ -	$ 233,696
Ending Balance: Collectively Evaluated for Impairment	3,799,794	3,555,000	112,200	5,222	19,983,802	1,179,264	28,635,282
Total	$ 3,907,219	$ 3,585,000	$ 132,000	$ 5,222	$ 20,060,273	$ 1,179,264	$ 28,868,978

March 31, 2021	Working Capital Business	Working Capital RCL	Microloan	Working Capital Equity Builder	Community Facilities	Affordable Housing	Total
Allowance for Loan Losses							
Beginning Balance	$ 642,091	$ -	$ -	$ 51,083	$ 812,505	$ 88,651	$ 1,594,330
Charge Offs	-	-	-	-	-	-	-
Recoveries	-	-	-	-	-	-	-
Provisions	(358,044)	-	-	(25,810)	219,578	(10,723)	(174,999)
Ending Balance	$ 284,047	$ -	$ -	$ 25,273	$ 1,032,083	$ 77,928	$ 1,419,331
Allowance for Loan Losses							
Ending Balance: Individually Evaluated for Impairment	$ 60,634	$ -	$ -	$ 5,730	$ 76,471	$ -	$ 142,835
Ending Balance: Collectively Evaluated for Impairment	223,413	-	-	19,543	955,612	77,928	1,276,496
Total	$ 284,047	$ -	$ -	$ 25,273	$ 1,032,083	$ 77,928	$ 1,419,331
Financing Receivables							
Ending Balance: Individually Evaluated for Impairment	$ 606,343	$ -	$ -	$ 57,296	$ 764,708	$ -	$ 1,428,347
Ending Balance: Collectively Evaluated for Impairment	3,313,910	-	-	277,472	18,503,805	1,383,116	23,478,303
Total	$ 3,920,253	$ -	$ -	$ 334,768	$ 19,268,513	$ 1,383,116	$ 24,906,650

NOTE 3 LOANS RECEIVABLE (CONTINUED)

Loan Charge Offs and Recoveries: During fiscal year 2022 and fiscal year 2021, Propel did not charge off any loans.

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, a reduction in interest rate, an extension of maturity date, or other amendments to the original terms of the loan. To be considered a restructure, the modifications must be in the nature of a concession that would not ordinarily be offered to a borrower in the normal course of business and the borrower must be experiencing financial difficulties. Propel has had great success in using occasional modifications to strengthen the performance of nonprofit borrowers. For FY2022, zero loans were modified bringing the total modified balance to be $572,189. Of the modified loans as of March 31, 2022 and 2021, all were performing and were current with payments.

Balances as of March 31, 2022	Pass	Watch	Substandard	Doubtful	Total
Working Capital/Business	$ 96,361	$ 475,828	$ -	$ -	$ 572,189
Working Capital/RCL	-	-	-	-	-
Microloan	-	-	-	-	-
Working Capital/Equity Builder	-	-	-	-	-
Community Facilities	-	-	-	-	-
Affordable Housing	-	-	-	-	-
Total	$ 96,361	$ 475,828	$ -	$ -	$ 572,189
Balances as of March 31, 2022					
Modified in FY2022	$ -	$ -	$ -	$ -	$ -
Modified in FY2021	-	-	-	-	-
Modified in FY2020	-	-	-	-	-
Modified in Prior FYs	96,361	475,828	-	-	572,189
Total	$ 96,361	$ 475,828	$ -	$ -	$ 572,189

Balances as of March 31, 2021	Pass	Watch	Substandard	Doubtful	Total
Working Capital/Business	$ 194,291	$ 606,343	$ -	$ -	$ 800,634
Working Capital/Equity Builder	-	-	-	-	-
Community Facilities	-	-	-	-	-
Affordable Housing	-	-	-	-	-
Total	$ 194,291	$ 606,343	$ -	$ -	$ 800,634
Balances as of March 31, 2021					
Modified in FY2021	$ -	$ -	$ -	$ -	$ -
Modified in FY2020	41,893	-	-	-	41,893
`Modified in FY2019	8,461	606,343	-	-	614,804
Modified in Prior FYs	143,937	-	-	-	143,937
Total	$ 194,291	$ 606,343	$ -	$ -	$ 800,634

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 statement of financial position date of March 31, 2022, are made up of the following:

Assets Without Donor Restrictions Available Within 12 Months:	
Cash and Cash Equivalents (Program and Operations)	$ 806,060
Cash and Cash Equivalents (Loan Fund)	10,977,833
Accounts Receivable (Net of Allowance)	189,125
Loan Interest Receivable	57,628
Total	$ 12,030,646

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.

Operating Reserve Available Within 90 days:	
Cash and Cash Equivalents (Program and Operations Only)	$ 806,060
Accounts Receivable (Net of Allowance)	189,125
Loan Interest Receivable (Available for Program and Operations)	57,628
Donor-Restricted Assets Estimated to be Released Within 90 Days	2,836,023
Total	$ 3,888,836
Operating Reserve Requirement Per Policy:	
Budgeted Operating Expenses FY2023	$ 10,033,672
Less: Depreciation Expense	(170,690)
Less: Provision for Loan Loss Reserves	(200,000)
Less: Grants to Other Entities with a Corresponding Source of Revenue	(4,239,250)
Subtotal	5,423,732
Total Operating Reserve Requirement	$ 1,355,933

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

Other Assets Estimated to be Available Within 12 Months
Budgeted and Likely Releases from Restriction
Within 12 Months:

	Balance as of March 31, 2022	Estimated for Release
Cash With Donor Restrictions (Program and Operations)	$ 7,199,076	$ 4,678,422
Grants Receivable With Donor Restrictions (Program and Operations)	342,000	342,000
Cash recorded as Deferred Revenue (Loan Fund)	403,935	403,935
Certificates of Deposit With Donor Restrictions (Program and Operations)	84,349	-
Total	$ 8,029,360	$ 5,424,357

Per its loan policies, Propel maintains a loan loss reserve 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. If deemed necessary, the reserve may from time to time be increased above the minimum 5%. The loan loss reserve calculation method reflects the historical experience of the loan fund and the experienced judgment of management and the board of directors. The calculations rely on accurate and timely risk classifications made by the management. See Note 3 – Loans Receivable for detailed information on the loan loss reserve as of March 31, 2022.

Lines of Credit Available:

Available for Program and Operations and Loan Fund:	Maturity Date	Balance
Minnesota Bank & Trust	11/30/2022	$ 2,000,000
Synchrony Financial	12/31/2022	2,000,000
The Minneapolis Foundation	4/1/2022	2,000,000
Total		$ 6,000,000

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 RELATED-PARTY TRANSACTIONS

Propel has an ongoing operating partnership with The Minneapolis Foundations which has included representation by the Foundation on Propel's board. Up until FY2021 Propel was structured as a subsidiary of The Minneapolis Foundation (see Note 1 – Organization for details regarding the change to this status.). In that arrangement, Propel paid for a share of certain business and liability insurance expenses covered by blanket policies held by The Minneapolis Foundation. Propel paid The Minneapolis Foundation a total of $-0- and $15,769, respectively in FY2022 and FY2021 for its proportionate share of business liability, workers' compensation, and directors and officers insurances.

Propel has a $2 million revolving line of credit with The Minneapolis Foundation. The line is unsecured and bears interest at The Minneapolis Foundation's cash management rate plus 0.25%, which in FY2021 resulted in an effective rate of 0.30%. Total interest expense paid to The Minneapolis Foundation by Propel on-line of credit outstanding balances was $-0- for the year ended March 31, 2022. There were no outstanding borrowings on the line of credit as of March 31, 2022 and 2021.

In addition, Propel has one note payable with The Minneapolis Foundation of $1 million targeted for charter school lending. The interest rate on the loan is 2.00%, payable annually on July 1st, with a maturity date of July 1, 2024. Total interest expense paid to The Minneapolis Foundation by Propel on PRIs was $20,000 and $20,000 for the years ended March 31, 2022 and 2021, respectively.

NOTE 6 NOTES PAYABLE AND OTHER CAPITAL

Notes payable consist of loans with stated interest from 1.0% to 4.0% maturing through 2027. Principal payments on notes payable and other capital at March 31, 2022 are as follows:

Year Ending March 31,	Amount
2023	$ 4,665,477
2024	1,890,005
2025	2,724,476
2026	1,300,000
2027	2,100,000
Thereafter	12,723,821
Total	$ 25,403,779

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

NOTE 6 NOTES PAYABLE AND OTHER CAPITAL (CONTINUED)

Propel has entered into participation agreements with Partners for the Common Good (PCG) and the city of Minneapolis office of Community Planning and Economic Development (CPED). 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, 2022 and 2021 was $160,812 and $28,330, respectively.

NOTE 7 LINES OF CREDIT AND OTHER AVAILABLE CAPITAL

Propel has various revolving lines of credit and other sources of capital not yet drawn that are available for lending to nonprofit organizations. Stated interest rates for these lines range from 0.30% to London Interbank Offered Rate (LIBOR) plus 2.75%. These lines are unsecured. There were no outstanding borrowings as of March 31, 2022 and 2021. At March 31, 2022, the following lines of credit and other capital financing were available to be drawn:

Lines of Credit	Maturity Date	Amount
The Minneapolis Foundation (TMF)	4/1/2022	$ 2,000,000
Minnesota Bank & Trust	11/30/2022	2,000,000
Synchrony Financial	12/31/2022	2,000,000
Total Lines of Credit		$ 6,000,000

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 $117,946 and $115,847 for the years ended March 31, 2022 and 2021, respectively.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Restricted for Specific Purposes:		
Program and Operations	$ 7,455,425	$ 2,525,237
Loan Fund	-	89,667
Fiscal Sponsorship Fund	340,000	608,000
Restricted for Use Due to Time	170,000	208,500
Total	$ 7,965,425	$ 3,431,404

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

	2022	2021
Release for Satisfaction of Specific Purpose:		
Program and Operations	$ 3,112,479	$ 2,010,505
Loan Fund	89,667	-
Fiscal Sponsorship Fund	408,000	85,552
Released for Use Due to Time	108,500	178,791
Total	$ 3,718,646	$ 2,274,848

NOTE 10 LEASE OBLIGATION

On June 30, 2017, Propel Nonprofits' lease for office space at its former location came to an end. On June 20, 2017, Propel Nonprofits moved to a new office location and commenced a new 10½ year lease with monthly payments effective July 1, 2017. Computed on a straight-line basis, rent expense associated with the primary office space at both locations spanning the fiscal year was $128,088 for the years ended March 31, 2022 and 2021.

As of March 31, 2022, Propel had two office copiers under 60-month capital lease agreements which were recorded as fixed assets - copier one at $12,745 and copier two at $16,371. As of March 31, 2022, and 2021, accumulated depreciation on the two office copiers was $24,637 and $18,742, respectively.

Propel purchased office computers under 36-month lease agreements which were recorded as fixed assets at $68,978. As of March 31, 2022 and 2021, accumulated depreciation on these office computers was $34,814 and $15,852, respectively.

NOTE 10 LEASE OBLIGATION (CONTINUED)

Future minimum lease payments under all leases as of March 31, 2022 are as follows:

Year Ending March 31,	Office Space	Copier/ Printer	Office Computers	Total
2023	$ 135,012	$ 3,662	$ 15,118	$ 138,674
2024	138,235	1,665	14,798	139,900
2025	141,458	-	3,203	141,458
2026	144,681	-	-	144,681
2027	147,903	-	-	147,903
Thereafter	113,144	-	-	113,144
Future Minimum Payments	820,433	5,327	33,119	825,760
Present Value of Future Minimum Payments	$ 820,433	$ 5,327	$ 33,119	$ 825,760

NOTE 11 TENANT IMPROVEMENT ALLOWANCE

Included in the terms of the lease for office space described above, Propel received a tenant improvement allowance of $331,488 which reimbursed a portion of the total leasehold improvements paid for by Propel. Because the tenant improvement allowance is considered an incentive, the allowance is treated as a reduction of rent expense. The full amount was booked as Deferred Rent Credit liability and will be amortized over the life of the lease. The total amount paid for leasehold improvements is capitalized as fixed assets and will depreciate over the term of the lease. The lease was effective July 1, 2017. In FY22 and FY21, the amount of amortized rent credit was $31,570.

NOTE 12 LOAN FORGIVENESS

On May 4, 2020, Propel Nonprofits received a loan totaling $488,100 to fund payroll, rental and utilities through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). On January 28, 2021, the SBA processed Propel Nonprofits' PPP Loan forgiveness application and Propel Nonprofits was notified that the PPP Loan qualified for full forgiveness. The loan forgiveness has been recorded as Gifts and Grants on the statements of activities.

PROPEL NONPROFITS
SCHEDULE OF FINANCIAL POSITION BY FUND
MARCH 31, 2022

	Without Donor Restrictions				With Donor Restrictions				
	Program and Operations	Loan Fund	Fiscal Sponsorship Fund	Total	Program and Operations	Loan Fund	Fiscal Sponsorship Fund	Total	Total
ASSETS									
CURRENT ASSETS									
Cash Accounts	$ 806,060	$ 10,977,833	$ 601,831	$ 12,385,724	$ 7,199,076	$ -	$ -	$ 7,199,076	$ 19,584,800
Accounts Receivable and Grant Receivables, Net of Allowance of $4,303	189,125	-	-	189,125	342,000	-	340,000	682,000	871,125
Loans Receivable, Net of Allowance of $385,460	-	6,746,443	-	6,746,443	-	-	-	-	6,746,443
Loan Interest Receivable	57,628	-	-	57,628	-	-	-	-	57,628
Other Receivables	61,703	676,900	-	738,603	-	-	-	-	738,603
Prepaids and Other	144,636	-	-	144,636	-	-	-	-	144,636
Total Current Assets	1,259,152	18,401,176	601,831	20,262,159	7,541,076	-	340,000	7,881,076	28,143,235
NONCURRENT ASSETS									
Loans Receivable, Net of Allowance of $1,058,870	-	20,678,205	-	20,678,205	-	-	-	-	20,678,205
Certificates of Deposit	100,000	-	-	100,000	84,349	-	-	84,349	184,349
Fixed Assets, Net of Depreciation	553,834	-	-	553,834	-	-	-	-	553,834
Total Noncurrent Assets	653,834	20,678,205	-	21,332,039	84,349	-	-	84,349	21,416,388
Total Assets	$ 1,912,986	$ 39,079,381	$ 601,831	$ 41,594,198	$ 7,625,425	$ -	$ 340,000	$ 7,965,425	$ 49,559,623

PROPEL NONPROFITS
SCHEDULE OF FINANCIAL POSITION BY FUND (CONTINUED)
MARCH 31, 2022

	Without Donor Restrictions				With Donor Restrictions				
	Program and Operations	Loan Fund	Fiscal Sponsorship Fund	Total	Program and Operations	Loan Fund	Fiscal Sponsorship Fund	Total	Total
LIABILITIES AND NET ASSETS									
CURRENT LIABILITIES									
Current Portion of Notes Payable	$ 52,274	$ 4,613,278	$ (75)	$ 4,665,477	$ -	$ -	$ -	$ -	$ 4,665,477
Accounts Payable and Accrued Expenses	697,166	590	20,000	717,756	-	-	-	-	717,756
Capital Lease Obligation	18,780	-	-	18,780	-	-	-	-	18,780
Accrued Interest Payable	97,370	-	-	97,370	-	-	-	-	97,370
Deferred Revenue	12,367	403,935	-	416,302	-	-	-	-	416,302
Deferred Rent Credit	31,570	-	-	31,570	-	-	-	-	31,570
Loan Receivable Forgiveness	-	896,250	-	896,250	-	-	-	-	896,250
Fund Managed for Fiscally-Sponsored Clients	-	-	581,906	581,906	-	-	-	-	581,906
Total Current Liabilities	909,527	5,914,053	601,831	7,425,411	-	-	-	-	7,425,411
LONG-TERM LIABILITIES									
Notes Payable	-	20,738,302	-	20,738,302	-	-	-	-	20,738,302
Capital Lease Obligation	19,666	-	-	19,666	-	-	-	-	19,666
Deferred Rent Credit	149,959	-	-	149,959	-	-	-	-	149,959
Total Long-Term Liabilities	169,625	20,738,302	-	20,907,927	-	-	-	-	20,907,927
Total Liabilities	1,079,152	26,652,355	601,831	28,333,338	-	-	-	-	28,333,338
NET ASSETS									
Without Donor Restrictions:									
Undesignated	833,834	12,427,026	-	13,260,860	-	-	-	-	13,260,860
With Donor Restrictions	-	-	-	-	7,625,425	-	340,000	7,965,425	7,965,425
Total Net Assets	833,834	12,427,026	-	13,260,860	7,625,425	-	340,000	7,965,425	21,226,285
Total Liabilities and Net Assets	$ 1,912,986	$ 39,079,381	$ 601,831	$ 41,594,198	$ 7,625,425	$ -	$ 340,000	$ 7,965,425	$ 49,559,623

PROPEL NONPROFITS
SCHEDULE OF ACTIVITIES BY FUND
YEAR ENDED MARCH 31, 2022

	Without Donor Restrictions				With Donor Restrictions				
	Program and Operations	Loan Fund	Fiscal Sponsorship Fund	Total	Program and Operations	Loan Fund	Fiscal Sponsorship Fund	Total	Total
REVENUES									
Gifts and Grants	$ 1,827,410	$ 1,092,333	$ 1,243,193	$ 4,162,936	$ 8,112,667	$ -	$ 140,000	$ 8,252,667	$ 12,415,603
Loan Interest Income	1,376,524	-	-	1,376,524	-	-	-	-	1,376,524
Loan Fee Revenue	97,500	-	-	97,500	-	-	-	-	97,500
Program Revenue	562,489	5,544	-	568,033	-	-	-	-	568,033
Investment Income	23,095	-	-	23,095	-	-	-	-	23,095
Other Income	-	-	-	-	-	-	-	-	-
Net Assets Released from Restrictions	3,220,979	89,667	408,000	3,718,646	(3,220,979)	(89,667)	(408,000)	(3,718,646)	-
Total Revenues	7,107,997	1,187,544	1,651,193	9,946,734	4,891,688	(89,667)	(268,000)	4,534,021	14,480,755
EXPENSES									
Program Services:									
Training, Guidance, and Knowledge Sharing	2,659,411	-	-	2,659,411	-	-	-	-	2,659,411
Lending	2,268,465		-	2,268,465	-	-	-	-	2,268,465
Strategic Services	580,587	-	-	580,587	-	-	-	-	580,587
Accounting and Finance Services	196,134	-	-	196,134	-	-	-	-	196,134
Fiscal Sponsorship and Incorporation Services	351,614	-	1,651,193	2,002,807	-	-	-	-	2,002,807
Total Program Services	6,056,211	-	1,651,193	7,707,404	-	-	-	-	7,707,404
Core Mission Support: Management and General	1,078,321	-	-	1,078,321	-	-	-	-	1,078,321
Core Mission Support: Fundraising	221,786	-	-	221,786	-	-	-	-	221,786
Total Expenses	7,356,318	-	1,651,193	9,007,511	-	-	-	-	9,007,511
CHANGE IN NET ASSETS	(248,321)	1,187,544	-	939,223	4,891,688	(89,667)	(268,000)	4,534,021	5,473,244
Net Assets - Beginning of Year (as Previously Reported)	1,082,155	11,239,482	-	12,321,637	2,733,737	89,667	-	2,823,404	15,145,041
Prior Period Adjustment (see Note 1)	-	-	-	-	-	-	608,000	608,000	608,000
Net Assets - Beginning of Year (Restated)	1,082,155	11,239,482	-	12,321,637	2,733,737	89,667	608,000	3,431,404	15,753,041
NET ASSETS - END OF YEAR	$ 833,834	$ 12,427,026	$ -	$ 13,260,860	$ 7,625,425	$ -	$ 340,000	$ 7,965,425	$ 21,226,285

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