We’re working with 21 arts and culture nonprofits around Minnesota to give them the financial freedom to think bigger, take risks, and thrive as cultural leaders in their communities.

Art and culture nonprofits are frequently the heartbeats of the communities they work in. To effectively lead a cultural institution, you need to be able to think long-term and take bold risks. This can be hard to do when trapped in survival mode.

As we stated in a recent report we published looking specifically at arts organizations in Minnesota, “It’s extraordinarily difficult to follow a mission to its greatest potential amid financial vulnerability, a culture of austerity and scarcity, and reactive planning as an annual (or day-to-day) necessity.”

Based on years of experience working with culturally led nonprofits and findings in the report, we created the Equity Builder Loan Program. This program is adding equity to the balance sheets of Minnesota-based arts and culture nonprofits and ultimately letting the leaders of these organizations be more strategic and visionary in their work.
HOW IT WORKS

Forgivable Loan

How does a loan help build equity and financial freedom? The Equity Builder Loan Program is not your typical loan fund: 20-40% of these working capital loans convert to grants, producing long-term unrestricted cash reserves.

A Habit of Savings & New Financial Management Practices

Just as important as the forgivable loan component is the partnership between Propel Nonprofits and the participating nonprofits to shift internal financial cultures. Over the three-year loan repayment period, nonprofits work with Propel Nonprofits to build stronger systems of financial management including training and support with financial tools, guidance with budgets and planning, and practices geared toward surpluses and cash savings.

Participating nonprofits contribute to a monthly savings fund. This savings plus the forgivable loan portion is reserved as a major first step in recalibrating operations in favor of reserves and savings—a shift in long-term strategy for artistic directors, boards members, and internal staff alike.

Cohort Learning & Sharing

Additionally, the Equity Builder Loan Program brings all participants together a couple times a year to report back on what they’re learning. We believe a more inter-woven and connected arts community across the state opens the door for further innovation and collaboration.

“...This program is the rigor we needed. It has eliminated stress caused by thin margins, freeing up space to look far forward. Without the Equity Builder funds, we were so focused on survival – we were not thriving.”

— Andrew Peterson, FilmNorth
THE GOAL

The longer-term goal of these investments is to amplify leadership through the empowerment of the positive balance sheet, and enable participating nonprofits – both the organizations and their leaders – to become even greater neighborhood anchors and incubators of leadership.

In addition, Propel Nonprofits will document program evaluation and lessons learned to provide a model for investing capital to the funding community. We aim to shift the conversation to the interdependence between financial stability, creative freedom, and community impact—influencing models of support and how we talk about the success and ambitions of small and middle-sized arts and community-based nonprofits.

PARTICIPANTS

Following a pilot phase in 2016, Propel Nonprofits is working with 21 nonprofit organizations for the first three-year cohort for the Equity Builder Loan Program. The criteria for participation is that these nonprofits should be authentically engaged with the social capital and vitality of their communities, with particular investment in nonprofits led by people of color and rooted in historically marginalized communities. Of these 21 organizations, 10 are run by leaders of color; 3 are located in rural communities, and all are engaged in creative placemaking, especially focused in under-resourced communities.

THE SPONSORS WHO MAKE IT POSSIBLE

This is a new and unique program born out of well-known need, but which came with many unknowns. This program wouldn’t be possible without the trust and generosity of its funders:

- The Bush Foundation
- The Kresge Foundation
- The Patrick and Aimee Butler Family Foundation
- The Surdna Foundation

STAY IN TOUCH

For updates on the Equity Builder Loan Program, please sign up for our newsletter and follow us on Twitter at @PropelNP/#EquityBuilder.

Because of this program, we are able to take small risks to move our art forward and increase our impact. With this program, we are able to free up space to grow.”

— Amy Thomas, Penumbra Theatre