



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

PROPELLER: A FORCE FOR SOCIAL INNOVATION
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2024

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Luther Speight & Company, LLC
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Propeller: A Force for Social Innovation

Opinion

We have audited the accompanying financial statements of Propeller: A Force for Social Innovation (referred to as "the Organization"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 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 audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

Auditor's 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 the Organization's 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, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period.

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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis. This schedule is required by the Louisiana Legislative Auditor and is not a required part of the 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 Schedule of Compensation, Benefits, and Other Payments to Agency Head is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Propeller's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink, appearing to read "Luther Speight", is positioned above the printed name of the firm.

Luther Speight & Company CPAs

New Orleans, LA

May 13, 2025

Propeller: A Force For Social Innovation
Statement of Financial Position
December 31, 2024
With Comparative Totals for December 31, 2023

	<u>2024</u>	<u>2023</u>
Assets		
Cash	\$ 1,863,952	\$ 2,067,854
Grants and Contributions Receivable	588,596	556,656
Prepaid Expenses	30,990	16,465
Investments - Endowment Fund	286,486	257,608
Investments - Impact Fund II	300,000	-
Fixed Assets, Net	1,969,926	1,993,574
Total Assets	<u>\$ 5,039,950</u>	<u>\$ 4,892,157</u>
 Liabilities		
Accounts Payable	\$ 184,142	\$ 27,726
Grants Payable	308,334	100,500
Accrued Expenses	22,333	19,933
Payroll Liabilities	22,808	20,499
Notes Payable	1,222,389	1,351,660
Total Liabilities	<u>1,760,006</u>	<u>1,520,318</u>
 Net Assets		
Without Donor Restrictions	586,033	1,006,168
With Donor Restrictions	2,693,911	2,365,671
Total Net Assets	<u>3,279,944</u>	<u>3,371,839</u>
 Total Liabilities and Net Assets	<u>\$ 5,039,950</u>	<u>\$ 4,892,157</u>

The accompanying notes are an integral part of the financial statements.

Propeller: A Force For Social Innovation
Statement of Activities
For the Year Ended December 31, 2024
With Comparative Totals For the Year Ended December 31, 2023

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public Support and Revenues				
Grant and Contribution Income	\$ 59,167	\$ 1,993,196	\$ 2,052,363	\$ 3,227,199
Individual Donations	36,614	-	36,614	-
Miscellaneous Income	140,072	-	140,072	22,996
Membership Rent Income	194,360	-	194,360	149,358
Membership Income	49,852	-	49,852	29,060
Investment Income	1,388	28,878	30,266	-
Released From Restrictions	1,693,834	(1,693,834)	-	-
Total Public Support and Revenues	<u>2,175,287</u>	<u>328,240</u>	<u>2,503,527</u>	<u>3,428,613</u>
Other Income				
Gain on forgiveness of related party debt	94,470	-	94,470	-
Total Other Income	<u>94,470</u>	<u>-</u>	<u>94,470</u>	<u>-</u>
Expenses				
Program Services	1,906,576	-	1,906,576	1,493,962
Management and General	456,167	-	456,167	515,842
Fundraising	327,149	-	327,149	190,954
Total Expenses	<u>2,689,892</u>	<u>-</u>	<u>2,689,892</u>	<u>2,200,758</u>
Change in Net Assets	(420,135)	328,240	(91,895)	1,227,855
Net Assets, Beginning of Year	<u>1,006,168</u>	<u>2,365,671</u>	<u>3,371,839</u>	<u>2,143,984</u>
Net Assets, End of Year	<u>\$ 586,033</u>	<u>\$ 2,693,911</u>	<u>\$ 3,279,944</u>	<u>\$ 3,371,839</u>

The accompanying notes are an integral part of the financial statements.

Propeller: A Force For Social Innovation
Statement of Functional Expenses
For the Year Ended December 31, 2024
With Comparative Totals For the Year Ended December 31, 2023

	Program Services							Supporting Services				
	Access to Capital	Impact Accelerator	Education	Impact	Policy and Advocacy	Alumni	Facility	Program Total	Management and General	Fundraising	2024 Total Expenses	2023 Total Expenses
Salaries	\$ 138,735	\$ 188,625	\$ 64,490	\$ 92,689	\$ 118,922	\$ 50,796	\$ 67,621	\$ 721,878	\$ 291,227	\$ 261,879	\$ 1,274,984	\$ 1,056,974
Fringe Benefits	8,857	19,535	9,158	11,164	17,316	3,624	8,173	77,827	19,611	18,553	115,991	78,987
Payroll Taxes	10,107	13,745	4,694	6,793	8,667	3,701	4,927	52,634	20,560	19,067	92,261	76,606
Meals & Entertainment	1,192	4,065	-	-	1,933	2,246	-	9,436	4,124	-	13,560	15,823
Contractual/Professional Fees	545,480	73,443	11,770	-	27,613	10,196	14,927	683,429	44,456	21,436	749,321	495,644
Depreciation Expense	-	-	-	-	-	-	64,651	64,651	-	-	64,651	60,479
Fees, Taxes, and Assessments	-	-	-	-	-	-	-	-	-	-	-	24,172
Insurance	-	-	-	-	-	-	79,527	79,527	16,410	-	95,937	15,562
Interest Expense	-	-	-	-	-	-	79,112	79,112	-	-	79,112	54,768
Marketing	-	1,500	-	-	-	-	7,598	9,098	25,519	-	34,617	23,715
Other Expenses	-	-	-	1,211	-	155	7,130	8,496	13,390	740	22,626	155,044
Rent Expense	-	-	-	-	-	-	-	-	-	-	-	-
Repairs & Maintenance	-	-	-	-	-	-	23,215	23,215	-	-	23,215	4,594
Subscription & Dues	-	-	-	-	-	-	-	-	17,624	-	17,624	-
Supplies	77	5,371	786	5,298	453	2,077	24,315	38,377	3,246	5,474	47,097	82,765
Utilities Expenses	-	-	-	-	-	-	58,896	58,896	-	-	58,896	55,625
Sub-Totals	\$ 704,448	\$ 306,284	\$ 90,898	\$ 117,155	\$ 174,904	\$ 72,795	\$ 440,092	\$ 1,906,576	\$ 456,167	\$ 327,149	\$ 2,689,892	\$ 2,200,758

The accompanying notes are an integral part of the financial statements.

Propeller: A Force For Social Innovation
Statement of Cash Flows
For the Year Ended December 31, 2024
With Comparative Totals For the Year Ended December 31, 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (91,895)	\$ 1,227,855
Adjustments to reconcile changes in net assets to net cash provided in operating activities:		
Depreciation	64,651	60,479
Related Party Debt Forgiveness	(94,470)	-
Net Appreciation on Investments	(28,878)	(29,138)
(Increase)/Decrease in the following assets:		
Grants Receivable	(31,940)	(507,291)
Prepays	(14,525)	(4,668)
Other Assets	(300,000)	-
Increase/(Decrease) in the following liabilities:		
Accounts Payable	156,416	(231,785)
Grants Payable	207,834	100,500
Accrued Liabilities	2,400	8,600
Payroll Liabilities	2,309	1,515
Net Cash Provided/(Used) by Operating Activities	<u>(128,098)</u>	<u>626,067</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of Fixed Assets	<u>(41,003)</u>	<u>(55,428)</u>
Net Cash Used In Investing Activities	<u>(41,003)</u>	<u>(55,428)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of Notes Payable, Net	<u>(34,801)</u>	<u>88,489</u>
Net Cash Provided (Used) by Financing Activities	<u>(34,801)</u>	<u>88,489</u>
Net Change in Cash	(203,902)	659,128
Beginning Cash	<u>2,067,854</u>	<u>1,408,726</u>
Ending Cash	<u><u>\$ 1,863,952</u></u>	<u><u>\$ 2,067,854</u></u>

The accompanying notes are an integral part of the consolidated financial statements.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – Background and Nature of Operations

Propeller: A Force for Social Innovation (formerly Social Entrepreneurs of New Orleans, Inc.) ("Propeller") is a 501(c)(3) non-profit corporation incorporated on August 26, 2008 under the laws of the State of Louisiana. It is dedicated to supporting social innovation in New Orleans. The Organization's mission is to grow and support entrepreneurs to tackle social and environmental disparities. Propeller envisions an inclusive and thriving entrepreneurial ecosystem that responds to community needs and creates the conditions for an equitable future.

The Organization seeks to grow wealth and well-being in New Orleans communities to advance economic justice and close racial disparities. Propeller supports entrepreneurs, with a focus on those who are Black, native New Orleanians, who view their businesses as a catalyst for positive change in their community and those who advance anti-racism initiatives.

NOTE 2 – Summary of Significant Accounting Policies

Principles of Accounting

Propeller's financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred in accordance with generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

Cash includes amounts on deposit at financial institutions. For the purposes of the statement of cash flows, Propeller considers all highly liquid debt instruments purchased with a maturity of three months or less redeemable without penalty for the early withdrawal, to be cash equivalents. The Organization held no cash equivalents at December 31, 2024.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 – Summary of Significant Accounting Policies (continued)

Grants and Contribution Receivables

Receivables, consisting of grants, contributions, and other receivables, are stated at the amount management expects to collect from outstanding balances. The Organization determines the allowance for uncollectable receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible. At December 31, 2024, the Organization did not deem any receivables to be uncollectible.

Investments

Investments in marketable securities and mutual funds with readily determinable fair values and all investments in debt securities are reported at fair value in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities as increases or decreases in net assets without donor restrictions unless their use is with restrictions by explicit donor stipulations or law. Dividend, interest, and other investment income are recorded as increases in net assets without donor restriction unless the use is restricted by the donor. FASB ASC topic 820, *Fair Value Measurements and Disclosures* emphasizes market-based measurement and, in doing so, stipulates a fair value hierarchy. The hierarchy is based on the type of inputs, or data used, to measure fair value. The fair value hierarchy is summarized below:

Level 1 lies at the top of the hierarchy; inputs are quoted prices in active markets.

Level 2 inputs are in the middle of the hierarchy, where data is adjusted from similar items traded in markets that are active markets or from identical or similar items in markets that are not active. Level 2 inputs do not stem directly from quoted prices.

Level 3 inputs are unobservable and require the entity to develop its own assumptions.

Investments other than mutual funds are valued at the fair value of the trust investments as reported to the Organization by the trustees and include the use of Net Asset Values (NAV) as the primary input to measure fair value.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 – Summary of Significant Accounting Policies (continued)

Fixed Assets

Property and equipment are stated at cost, net of accumulated depreciation. The Organization capitalizes property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation of these assets is provided on the straight-line basis over their estimated useful lives of 5 years for computers, copiers, and furniture, 10 years for equipment, and 27.5 years for the building.

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended December 31, 2024.

Income Taxes

Propeller is a not-for-profit corporation organized under the laws of the State of Louisiana. It is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. It is also exempt from Louisiana income tax under the authority of I.R.S. 47: 121(5).

The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 – Summary of Significant Accounting Policies (continued)

Financial Statement Presentation

In accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, which established standards for external financial reporting by not-for-profit organizations, the Organization classifies resources for accounting and reporting purposes into two net asset categories which are without donor restrictions and with donor restrictions. A description of these two net asset categories is as follows:

- Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and board of directors.
- Net assets with donor restrictions are subject to donor (or certain grantor) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The majority of expenses have been specifically identified with a program or supporting service.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, which is more than trivial, must be overcome before the revenue can be earned and recognized.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 – Summary of Significant Accounting Policies (continued)

- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised if the condition is not met.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as revenue with or without donor restrictions, depending on the existence and nature of any donor restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are recognized when the barriers to entitlement are overcome, and the promises become unconditional. Unconditional contributions are recognized as revenue when received. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Exchange transactions are reimbursed based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Rental income is recognized as the rent becomes due, which is when the relevant performance obligations are fulfilled. Rental payments received in advance are deferred until earned. The Organization has applied the revenue recognition standard, ASU Topic 606, to rental income. All leases between the Organization and the tenants of the property are operating leases.

Donated Services

Members of the Organization's board of directors and other volunteers have made significant contributions of their time to assist in the Organization's operations and related charitable programs. The value of this contributed time is not recorded in these financial statements because it does not meet the requirements to be recorded in accordance with U.S. Generally Accepted Accounting Principles.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 2 – Summary of Significant Accounting Policies (continued)

In February 2016, the FASB issued ASU 2016-02, *Leases*. This accounting standard requires lessees to recognize assets and liabilities related to lease arrangements longer than 12 months on the balance sheet as well as additional disclosures. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, to simplify the lease standard's implementation. On June 3, 2020, the FASB deferred the effective date of this standard for certain entities. As of December 31, 2024, the Organization's leases do not qualify for recognition per the new lease standards.

NOTE 3 – Investments

The Organization maintains a permanent endowment fund at the Greater New Orleans Foundation (GNOF). The endowment fund generates annual investment income for the Organization to initiate, finance, and sustain its programs. The Organization recorded \$28,878 in net investment income for the year ended December 31, 2024.

During 2024, the Organization made an investment totaling \$300,000 into Propeller Impact Fund II ("the Fund"), which seeks to invest in Louisiana food or beverage consumer packaged goods businesses with measurable social or environmental impact. The Organization has committed up to \$1.5 million in capital to the Fund in order to match Louisiana Economic Development Corporation's up to \$1.5 million commitment. The Organization is the General Partner of the Fund.

The following table sets forth by level, within the fair value hierarchy (see Note 2), the Organization's assets at fair value as of December 31, 2024:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
GNOF Investment Pool	\$ -	\$ 286,486	\$ -	\$ 286,486
Propeller Impact Fund II	-	300,000	-	300,000
Total Investments	<u>\$ -</u>	<u>\$ 586,486</u>	<u>\$ -</u>	<u>\$ 586,486</u>

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 – Endowment Fund

The Organization’s Board of Directors has interpreted the Louisiana Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift absent explicit donor stipulations to the contrary. Accordingly, the original \$250,000 gift is classified as net assets with donor restrictions—perpetual in nature. Accumulated investment return that has not yet been appropriated is classified as net assets with donor restrictions—purpose-time until appropriated.

Investment & Risk-Return Objectives: The Board delegates asset management to Greater New Orleans Foundation (“GNOF”) and follows GNOF’s Investment Policy Statement, which seeks long-term growth with a moderate level of risk. Should the manager change, the Fund will follow an Investment Policy adopted by the Board. The Finance Committee reviews asset allocation and performance at least semi-annually.

Spending Policy: The Fund’s spending policy allows only current-year investment income to be appropriated, subject to these limits:

- Distributions may not reduce the Fund’s fair value below the historic-dollar corpus of \$250,000.
- Unexpended income at December 31 is added to corpus.
- All appropriations must be used for programmatic expenses.

This strategy is intended to protect the corpus in real terms while providing a predictable stream of resources to support ongoing programs.

Endowment net asset composition by type of fund as of December 31, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 286,486	\$ 286,486
Total funds	\$ -	\$ 286,486	\$ 286,486

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 4 – Endowment Fund (continued)

Changes in endowment net assets as of December 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 257,608	\$ 257,608
Contributions	-	-	-
Investment return, net	-	28,878	28,878
Amounts appropriated for expenditure	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 286,486</u>	<u>\$ 286,486</u>

NOTE 5 – Fixed Assets

Fixed Assets are summarized as follows at December 31, 2024:

<u>Asset Description</u>	<u>Balance</u>
Land	\$ 485,000
Furniture and Fixtures	72,662
Buildings and Improvements	1,658,066
	<u>2,215,728</u>
Accumulated Depreciation	(245,802)
Property and Equipment, net	<u>\$ 1,969,926</u>

The Organization recorded \$64,651 in depreciation expense for the year ended December 31, 2024.

NOTE 6 – Concentrations of Credit Risk

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions in New Orleans, Louisiana, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Organization has not experienced any losses and does not believe that significant credit risk exists as a result of this practice.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 7 – Liquidity and Availability of Resources

The following presents the Organization’s financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year at December 31, 2024:

Financial assets at year-end:

Cash	\$ 1,863,952
Grants and contributions receivables	<u>588,596</u>
Total financial assets at year-end	<u>2,452,548</u>

Less amounts not available to be used within one year for general expenditures:

Net assets with donor restrictions	2,693,911
Less: net assets with donor restrictions to be met in less than one year	<u>(2,693,911)</u>
	<u>-</u>

Financial assets available for general expenditures within one year

\$ 2,452,548

The Organization’s goal is to maintain a target cash reserve of two months of operating expenses, which is approximately \$250,000 to \$500,000. The Organization also maintains a \$100,000 line of credit available to meet cash flow needs.

NOTE 8 – Line of Credit

In 2014, the Organization established a line of credit with a maximum borrowing amount of \$100,000. The line of credit was renewed in 2022. The interest rate is based on 4.00 percentage points over the Wall Street Journal prime rate which resulted in an interest rate of 7.25% at December 31, 2022. At December 31, 2024, the balance of the line of credit was \$0. The line of credit was not used during the 2024.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 – Notes Payable

During 2019, a building acquisition was debt financed by a loan with Liberty Bank for \$1,088,000 and an unsecured note with a related party in the amount of \$136,000. The loan with Liberty Bank is a 25-year maturity/25-year amortization note, with an interest rate of 5.15% fixed for the first five years. The rate will automatically reset at Wall Street Journal Prime index plus 0.75 every five years. Principal payments commenced in July 2019. In November 2020, the Organization refinanced the loan, reducing the interest rate to 4.75% for 42 months starting in December 2020. In June 2024, the rate reset at the Wall Street Journal Prime index plus 0.75 for the rest of the loan term. At June 2024, the Wall Street Journal Prime index was 8.5%, resulting in a new interest rate of 9.25%. The loan is collateralized with deposit accounts, pledges of leases and rents, and real (immovable) property and all of the Organization's personal (movable) property rights with the exception of restricted grant revenues. At December 31, 2024, the balance outstanding was \$954,819.

During the year ended December 31, 2020, the Organization applied for and was approved for a \$150,000 economic injury disaster loan administered by the U.S. Small Business Association as part of the relief efforts related to COVID-19 global pandemic. As part of the loan agreement, the Organization must use all of the proceeds solely as working capital to alleviate economic injury caused by the COVID-19 global pandemic. The loan has an annual interest rate of 2.75% and matures in July 2050. The loan requires monthly principal and interest payments of \$641 beginning in January 2024 and is secured by substantially all assets of the Organization. At December 31, 2024, the balance on the loan was \$142,233.

During the year ended December 31, 2024, the Organization applied for and was approved for a \$126,900 secured disaster loan administered by the U.S. Small Business Association. As part of the loan agreement, the Organization must use the proceeds solely to rehabilitate or replace property of the Organization damaged or destroyed by Hurricane Ida. The loan has an annual interest rate of 2.00% and matures in December 2037 and is secured by substantially all assets of the Organization. At December 31, 2024, the balance on the loan was \$125,338.

The related party note is repayable over 15 years and bears interest at 3%. Principal payments commenced in June 2019. As of December 31, 2024, the balance outstanding on the related party note was \$0.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9 – Notes Payable (continued)

A summary of the notes payable balance at December 31, 2024 are as follows:

Building Loan	\$ 954,819
EIDL Loan	142,232
SBA Hurricane Ida Loan	125,338
	<u>\$ 1,222,389</u>

The notes payable at December 31, 2024 mature as follows:

<u>December 31,</u>	<u>Amount</u>
2024	79,789
2025	84,393
2026	90,969
2027	90,969
2028	90,969
Thereafter	785,300
Total	<u>\$ 1,222,389</u>

NOTE 10 – Economic Dependency

The primary sources of revenues for the Organization are grants and contributions provided through various funding agencies. Continued operations are dependent upon the renewal of grants and contributions from current funding sources as well as obtaining new funding. In 2024, the Organization had three major grantors that accounted for approximately 35% of total revenue.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 11 – Net Assets with Donor Restrictions

The Organization has the following net assets with donor restrictions as of December 31, 2024:

General Operations - Time Purpose	\$ 188,165
Procurement/Policy/Advocacy - Time and Purpose	497,083
Access to Capital - Purpose	1,018,290
Building Reserve Fund - Purpose	340,000
Donor Restricted Endowment - Perpetual in Nature	286,486
ECE	81,265
Propeller Impact Accelerator - Time and Purpose	127,104
Programs	155,518
	<hr/>
Total	\$ 2,693,911

NOTE 12 – Contingencies

From time to time, the Organization is involved in certain claims and legal actions arising in the normal course of activities. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's financial position.

NOTE 13 – Related Parties

During the year ended December 31, 2023, the Organization was awarded a grant by W.K. Kellogg Foundation totaling \$715,000, which was recognized as grants and contributions revenue for the year ended December 31, 2023. A member of the Organization's board is employed by the W.K. Kellogg Foundation. As of December 31, 2024, the Organization had an outstanding receivable balance from W.K. Kellogg totaling \$214,500.

In 2019, the Organization entered into a loan agreement with a related party for \$136,000, repayable over 15 years with an interest rate of 3%. The Organization repaid \$41,530 of the loan. The related party voluntarily forgave the remaining balance of \$94,470. The forgiveness has been recognized as other income during 2024 in the accompanying financial statements and was made without consideration for future services or obligations.

PROPELLER: A FORCE FOR SOCIAL INNOVATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 14 – Grants Payable

During the year ended December 31, 2024, Propeller entered into a contract with two local nonprofit organizations to provide funding to assist small business owners overcome common barriers to access capital. The total amount Propeller agreed to fund was \$616,668. The contract requires payments to be made in full no later than August 31, 2026. As of December 31, 2024, the balance for grant payables was \$292,309.

NOTE 15 – Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued on May 13, 2025 and determined that no events occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT*
AUDITING STANDARDS

To the Board of Directors of
Propeller: A Force for Social Innovation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Propeller: A Force for Social Innovation (the Organization), which comprise the statements of financial position as of December 31, 2024, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated May 13, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

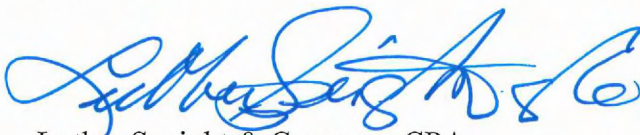
As part of obtaining reasonable assurance about the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read 'Luther Speight & Company CPAs', is positioned above the printed text.

Luther Speight & Company CPAs

New Orleans, Louisiana

May 13, 2025

PROPELLER: A FORCE FOR SOCIAL INNOVATION
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Organization.
2. No significant deficiencies or material weaknesses disclosed during the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was not issued for the year ended December 31, 2024.

SECTION II - FINANCIAL STATEMENT FINDINGS

No financial statement findings were noted.

**PROPELLER: A FORCE FOR SOCIAL INNOVATION
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024**

SECTION I - FINANCIAL STATEMENT FINDINGS

No financial statement findings were noted in 2023.

**PROPELLER: A FORCE FOR SOCIAL INNOVATION
SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2024**

**Total compensation, benefits,
and other payments**

\$ 0

There were no compensation, benefits, or payments to the agency head that were derived from public funds, including state, local, and federal pass-through for the year ended December 31, 2024.



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

PROPELLER: A FORCE FOR SOCIAL INNOVATION

AGREED-UPON PROCEDURES REPORT

FOR THE YEAR ENDED DECEMBER 31, 2024



Luther Speight & Company, LLC
Certified Public Accountants and Consultants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Governing Board of Propeller and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024 through December 31, 2024. Propeller's management is responsible for those C/C areas identified in the SAUPs.

Propeller has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024, through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

Results: *The policies and procedures appropriately address the required elements above.*

New Orleans Office: 1100 Poydras Street, Suite 1225 / New Orleans, LA 70163 / (504)561-8600
Memphis Office: 1661 International Drive, Suite 441 / Memphis, TN 38120 / (901)202-4688
Atlanta Office: 1201 Peachtree St. NE, Suite 200 / Atlanta, GA 30328 / (678)971-3700

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Results: The written policies and procedures appropriately address the required elements above.

- c) **Disbursements**, including processing, reviewing, and approving

Results: The written policies and procedures appropriately address the required elements above.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: The written policies and procedures appropriately address the required elements above.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: The written policies and procedures appropriately address the required elements above.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

Results: The entity does not require legal review of contracts. A contract template is in place that was reviewed by lawyers. Anything that is out of the ordinary would be reviewed by the Finance Committee and any legal professionals that sit on the Board. All staff members are responsible for monitoring their contractors and a status update is requested during the monthly closing process.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g. determining the reasonableness of fuel card purchases)

Results: The written policies and procedures appropriately address the required elements above.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

Results: The written policies and procedures appropriately address the required elements above.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

Results: Not applicable, as the Entity is a nonprofit.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Results: Not applicable, as the Entity is a nonprofit.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: Information regarding use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event was not detailed in the Entity's Financial Policies and Procedures.

Management's Response: Propeller will update policies and procedures as needed and is working on adding a monthly IT contractor to ensure all technology has the proper software and is updated timely.

- l) **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results: Not applicable, as the Entity is a nonprofit.

Board or Finance Committee

Results: There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.

Bank Reconciliations

3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

Results: *We obtained a listing of bank accounts and management's representation that the listing is complete. We selected the month of December 2023 for the testing below.*

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g. initialed and dated or electronically logged);

Results: *Per our review of all bank reconciliations and bank statements, we noted that all had evidence (date and electronic signature) of being reconciled within 2 months of the related statement closing date. No exceptions noted.*

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g. initialed and dated, electronically logged); and

Results: *We observed that the bank reconciliations did not include evidence of review within 1 month of the date the reconciliation was prepared.*

Management's Response: *Propeller will ensure all bank reconciliations are reviewed within a month of the reconciliation being prepared and document review in Propeller's project management software, Asana.*

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: *We noted that one account (Capital One – Operating) statement had reconciling items that have been outstanding for more than 12 months from the fiscal year-end. Documentation reflecting management's research of those items has not been provided.*

Management's Response: *Propeller does research reconciling items but does not always show written documentation of that review. Propeller will ensure that in the project management software, Asana, that review is documented each month.*

Collections

Results: *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

Results: *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Results: *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

Results: *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Contracts

Results: *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Payroll and Personnel

Results: *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Ethics

Results: *Not applicable, as the Entity is a nonprofit.*

Debt Service

Results: *Not applicable, as the Entity is a nonprofit.*

Fraud Notice

Results: *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Information Technology Disaster Recovery/Business Continuity

Results: *There were no findings in this section in the 2023 AUP report. As a result, this section is not applicable for 2024. However, these procedures will be required to be performed for 2025.*

Sexual Harassment

Results: *Not applicable, as the Entity is a nonprofit.*

We were engaged by Propeller to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Propeller and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.



Luther Speight & Company CPAs
New Orleans, Louisiana
May 13, 2025