

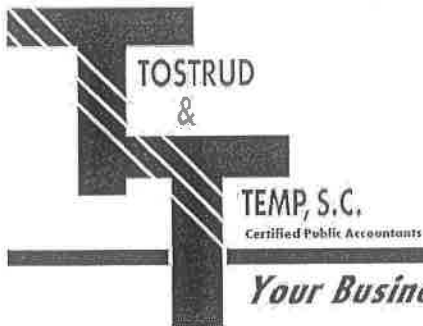
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

E.C.I.A. BUSINESS GROWTH, INC.
DUBUQUE, IOWA

June 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
E.C.I.A. Business Growth, Inc.
Dubuque, Iowa 52002

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the E.C.I.A. Business Growth, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2023, 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 referred to above present fairly, in all material respects, the financial position of E.C.I.A. Business Growth, Inc., as of June 30, 2023, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 *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 Corporation 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 opinions.

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.

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 the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 Corporation'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, that raise substantial doubt about the Corporation's 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual program financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic 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 November 6, 2023, on our consideration of the Corporation'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 Corporation'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 Corporation's internal control over financial reporting and compliance.

Tostrud + Tamps, S.C.

November 6, 2023

FINANCIAL STATEMENTS

E.C.I.A. Business Growth, Inc.
Dubuque, Iowa
STATEMENT OF FINANCIAL POSITION
June 30, 2023
(With comparative totals as of June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals (Memorandum Only)	
			2023	2022
ASSETS				
Cash				
Checking	\$ 142	\$ -	\$ 142	\$ 13,747
Savings	14,887	1,466,102	1,480,989	941,257
	<u>15,029</u>	<u>1,466,102</u>	<u>1,481,131</u>	<u>955,004</u>
Receivables				
Other	12,735	-	12,735	24,999
RLF notes receivable - net	-	3,209,096	3,209,096	3,909,669
Pass-through notes receivable	-	178,288	178,288	458,138
	<u>12,735</u>	<u>3,387,384</u>	<u>3,400,119</u>	<u>4,392,806</u>
Total assets	<u>\$ 27,764</u>	<u>\$ 4,853,486</u>	<u>\$ 4,881,250</u>	<u>\$ 5,347,810</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable	\$ 17,255	\$ -	\$ 17,255	\$ 24,508
Interest payable	-	452	452	518
Unearned revenue	15,510	-	15,510	26,550
USDA note payable	-	329,852	329,852	358,119
Pass-through loans payable	1,838	210,130	211,968	622,851
Total liabilities	34,603	540,434	575,037	1,032,546
NET ASSETS				
Without donor restrictions	(6,839)	-	(6,839)	(3,945)
With donor restrictions	-	4,313,052	4,313,052	4,319,209
Total net assets	<u>(6,839)</u>	<u>4,313,052</u>	<u>4,306,213</u>	<u>4,315,264</u>
Total liabilities and net assets	<u>\$ 27,764</u>	<u>\$ 4,853,486</u>	<u>\$ 4,881,250</u>	<u>\$ 5,347,810</u>

The accompanying notes are an integral part of this statement.

E.C.I.A. Business Growth, Inc.
Dubuque, Iowa

STATEMENT OF ACTIVITIES

For the year ended June 30, 2023

(With comparative totals for the year ended June 30, 2022)

	Without	With	Totals	
	Donor Restrictions	Donor Restrictions	(Memorandum Only)	
			2023	2022
REVENUES				
Interest				
RLF loans	\$ 71,234	\$ -	\$ 71,234	\$ 68,132
RLF-IRP loans	23,923	-	23,923	16,548
SBA loans	19,402	-	19,402	5,417
Other	347	-	347	449
Total interest	<u>114,906</u>	<u>-</u>	<u>114,906</u>	<u>90,546</u>
Service fees				
SBA loans	92,856	-	92,856	96,034
Other	8,328	-	8,328	8,503
Total service fees	<u>101,184</u>	<u>-</u>	<u>101,184</u>	<u>104,537</u>
Processing fees				
SBA loans	29,063	-	29,063	22,830
RLF loans	13,343	-	13,343	20,847
Total processing fees	<u>42,406</u>	<u>-</u>	<u>42,406</u>	<u>43,677</u>
Loan closing fees				
SBA loans	43,076	-	43,076	55,211
RLF loans	2,236	-	2,236	19,725
Total loan closing fees	<u>45,312</u>	<u>-</u>	<u>45,312</u>	<u>74,936</u>
Grant income				
RLF loans - CARES	-	-	-	696,542
Total loan closing fees	<u>-</u>	<u>-</u>	<u>-</u>	<u>696,542</u>
Total revenues	303,808	-	303,808	1,010,238
EXPENSES				
Administrative expense	226,067	-	226,067	285,091
Filing fees	1,220	-	1,220	3,195
Legal fees	11,205	-	11,205	24,570
Abstract fees	3,510	-	3,510	2,804
Business expense	15,617	-	15,617	9,566
Credit verification expense	377	-	377	471
Grant match expenses	20,000	-	20,000	20,000
Miscellaneous expense	1,358	-	1,358	5,050
Total expenses	<u>279,354</u>	<u>-</u>	<u>279,354</u>	<u>350,747</u>
Operating income	24,454	-	24,454	659,491
NON-OPERATING INCOME (EXPENSES)				
Interest expense	-	(3,505)	(3,505)	(3,861)
Bad debt expense	-	-	-	(18,800)
Operating transfers in (out)	(27,348)	27,348	-	-
Forgivable loan write off	-	(30,000)	(30,000)	-
Net non-operating income (expenses)	<u>(27,348)</u>	<u>(6,157)</u>	<u>(33,505)</u>	<u>(22,661)</u>
Increase (decrease) in net assets	\$ <u>(2,894)</u>	\$ <u>(6,157)</u>	\$ <u>(9,051)</u>	\$ <u>636,830</u>

The accompanying notes are an integral part of this statement.

E.C.I.A. Business Growth, Inc.
Dubuque, Iowa
STATEMENT OF CHANGES IN NET ASSETS
For the year ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Totals (Memorandum Only)	
			<u>2023</u>	<u>2022</u>
Net assets at beginning of year	\$ (3,945)	\$ 4,319,209	\$ 4,315,264	\$ 3,678,434
Current year increase (decrease) in net assets	<u>(2,894)</u>	<u>(6,157)</u>	<u>(9,051)</u>	<u>636,830</u>
Net assets at end of year	<u>\$ (6,839)</u>	<u>\$ 4,313,052</u>	<u>\$ 4,306,213</u>	<u>\$ 4,315,264</u>

The accompanying notes are an integral part of this statement.

E.C.I.A. Business Growth, Inc.
Dubuque, Iowa
STATEMENT OF FUNCTIONAL EXPENSES WITHOUT DONOR RESTRICTIONS
For the year ended June 30, 2023
(With comparative totals for the year ended June 30, 2022)

	Program	Management & General	Totals (Memorandum Only)	
			2023	2022
			2023	2022
Administrative expense	\$ 177,062	\$ 49,005	\$ 226,067	\$ 285,091
Filing fees	1,220	-	1,220	3,195
Legal fees	11,205	-	11,205	24,570
Abstract fees	3,510	-	3,510	2,804
Business expense	15,617	-	15,617	9,566
Credit verification expense	377	-	377	471
Grant match expenses	20,000	-	20,000	20,000
Miscellaneous expense	1,358	-	1,358	5,050
Total expenses	\$ 230,349	\$ 49,005	\$ 279,354	\$ 350,747

The accompanying notes are an integral part of this statement.

E.C.I.A. Business Growth, Inc.

Dubuque, Iowa

STATEMENT OF FUNCTIONAL EXPENSES WITHOUT DONOR RESTRICTIONS

For the year ended June 30, 2022

(With comparative totals for the year ended June 30, 2021)

	Program	Nonprogram	Totals (Memorandum Only)	
			2022	2021
Administrative expense	\$ 247,970	\$ 37,121	\$ 285,091	\$ 412,993
Filing fees	3,195	-	3,195	2,375
Legal fees	24,570	-	24,570	26,155
Abstract fees	2,804	-	2,804	4,226
Business expense	9,566	-	9,566	6,752
Credit verification expense	471	-	471	1,033
Grant match expenses	20,000	-	20,000	15,000
Miscellaneous expense	5,050	-	5,050	4,640
Total expenses	<u>\$ 313,626</u>	<u>\$ 37,121</u>	<u>\$ 350,747</u>	<u>\$ 473,174</u>

The accompanying notes are an integral part of this statement.

E.C.I.A. Business Growth, Inc.

Dubuque, Iowa

STATEMENT OF CASH FLOWS

For the ended June 30, 2023

(With comparative totals for the year ended June 30, 2022)

Increase (decrease) in Cash and Cash Equivalents

	Without Donor Restrictions	With Donor Restrictions	Totals (Memorandum Only)	
			2023	2022
Cash flows provided by operating activities				
Cash received from customers	\$ 305,032	\$ -	\$ 305,032	\$ 333,232
Cash received from government grants	-	-	-	696,542
Cash payments to vendors	(286,607)	-	(286,607)	(397,040)
Net cash provided by (used in) operating activities	18,425	-	18,425	632,734
Cash flows from financing activities				
Collections of RLF loans	-	670,573	670,573	745,106
Issuance of RLF loans	-	-	-	(1,315,000)
(Increase) decrease in pass-through notes receivable	-	279,850	279,850	351,395
Payments on USDA note payable	-	(28,267)	(28,267)	(28,029)
Increase (decrease) in pass-through loans payable	(19,712)	(391,171)	(410,883)	(450,834)
Operating transfers in (out)	(27,348)	27,348	-	-
Interest paid	-	(3,571)	(3,571)	(3,808)
Net cash provided by (used in) financing activities	(47,060)	554,762	507,702	(701,170)
Net increase (decrease) in cash	(28,635)	554,762	526,127	(68,436)
Cash and equivalents at beginning of year	43,664	911,340	955,004	1,023,440
Cash and equivalents at end of year	\$ 15,029	\$ 1,466,102	\$ 1,481,131	\$ 955,004

Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities

Operating income	\$ 24,454	\$ -	\$ 24,454	\$ 659,491
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Decrease in receivables - other	12,264	-	12,264	32,966
Decrease in accounts payable	(7,253)	-	(7,253)	(46,293)
Decrease in unearned revenue	(11,040)	-	(11,040)	(13,430)
	(6,029)	-	(6,029)	(26,757)
Net cash provided by operating activities	\$ 18,425	\$ -	\$ 18,425	\$ 632,734

The accompanying notes are an integral part of this statement.

E.C.I.A. Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting Entity and Nature of Business

E.C.I.A. Business Growth, Inc. (an Iowa non-profit corporation) is organized to further the economic development of the region comprised of the Iowa Counties of Cedar, Clinton, Delaware, Dubuque and Jackson, as well as the municipalities located therein through the use of revolving loan funds. The Corporation makes available through these funds, low interest loans to supplement bank financing for projects that maintain or increase jobs in the target area. The Corporation also acts as an intermediary for loans between the Small Business Administration (SBA) and prospective small business borrowers in the same five-county region.

2. Basis of Accounting

The Corporation uses the accrual method of accounting, which recognizes income when earned and expenses when incurred.

3. Fund Accounting

In order to comply with restrictions that grantors place on grants and other gifts as well as designations made by the Board of Directors, the principles of fund accounting are used. Resources for various purposes are classified, for accounting and reporting purposes, into funds established according to their nature and purpose.

Net assets without donor restrictions are those funds presently available for use by the Corporation at the discretion of the Board of Directors. If the board were to specify a purpose where none had been stated by the original donor or grant agreement, such funds are classified as board designated net assets without donor restrictions. Net assets with donor restrictions are set aside to provide loans to eligible businesses under Revolving Loan Fund Programs in accordance with government regulations.

4. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

5. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Corporation considers all highly liquid investments available for current use with a maturity of three months or less from the statement of net position date to be cash equivalents.

6. Subsequent Events

The Corporation has evaluated subsequent events through November 6, 2023, the date on which the financial statements were available to be issued.

E.C.I.A. Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

7. Revenue Recognition

Revenue is primarily derived from the receipt of interest on outstanding loans and from service fees, processing fees and loan closing fees from RLF and SBA administered loans.

Performance Obligations - A performance obligation, as defined in ASC Topic 606, is a promise in a contract to transfer a distinct good or service to a customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue at the point in time, or over the period, in which the performance obligation is satisfied. Performance obligations for Revolving Loan Fund (RLF) loans are typically satisfied monthly as loan payments are made. SBA income is typically satisfied when loans are closed and borrowers make payments on their loans.

Contract Estimates - Substantially all of the Corporation's performance obligations are satisfied at a point in time. Therefore, there is little judgment in determining when control transfers as described above. The transaction price is generally the contracted interest rate on the loan. Service fees and processing fees are based on the sizes of the loans issued.

NOTE B - INCOME TAX STATUS

E.C.I.A. Business Growth, Inc. qualifies as a tax-exempt Corporation under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision has been made for federal or state income taxes.

NOTE C - CASH AND INVESTMENTS

The Corporation maintains cash balances at two financial institutions located in the Dubuque area. At June 30, 2023, \$874,727 of the Corporation's deposits were in excess of Federal Deposit Insurance Corporation (FDIC) coverage. There were times during the year that the Corporation's deposits exceeded the FDIC coverage and the Corporation was relying on the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. The Corporation has not experienced any losses in uninsured accounts. The Corporation believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE D - RELATED PARTY

E.C.I.A. Business Growth, Inc. is related to the East Central Intergovernmental Association (E.C.I.A.) by virtue of its working agreement with the Association. E.C.I.A. Business Growth, Inc. occupies office space, consumes operating supplies, and uses the management services of the East Central Intergovernmental Association. E.C.I.A. Business Growth, Inc. is billed for such expenses through an indirect cost allocation plan retained as required by the Common Rule in the Uniform Guidance. During the year ended June 30, 2023, E.C.I.A. Business Growth, Inc. was billed \$226,067 by E.C.I.A. for such services, including accounts payable of \$17,255.

E.C.I.A. Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2023 consist of the following:

<u>Source of Funds</u>	
Local grants	\$ 200
Local contributed capital	400,000
EDA loan fund grants	3,215,000
Energy efficiency loan fund grant	200,000
Cumulative results of operations	<u>497,852</u>
Total	<u>\$ 4,313,052</u>

NOTE F - LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES

Loans receivable are stated at amounts of unpaid principal reduced by an allowance for loan losses. Interest on loans is calculated by using the simple interest method on daily balances of the principal outstanding. The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that collection of the principal is unlikely. The allowance is an amount management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, based upon evaluation of the loan portfolio and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay. Loans disbursed under the Energy Efficiency grant agreement are forgiven, in the amount of twenty percent (20%) of the loan, as an energy efficiency rebate immediately after the loan funds are disbursed to the borrower.

E.C.I.A. Business Growth, Inc. has the following long-term notes receivable at June 30, 2023:

Total revolving loan fund notes receivable	\$ 3,436,396
Less allowance for loan losses	<u>(227,300)</u>
Total long-term notes receivable	<u>\$ 3,209,096</u>

Following is a schedule of maturities for notes receivable held at June 30, 2023 and due for years ending June 30:

2024	\$	504,483
2025		432,554
2026		380,652
2027		330,178
2028		310,771
2029-2033		971,963
2034-2038		409,184
2039-2043		<u>96,611</u>
	\$	<u>3,436,396</u>

E.C.I.A. Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE G - PASS-THROUGH LOANS RECEIVABLE

E.C.I.A. Business Growth, Inc. assists businesses within the service area in obtaining financing through various local loan programs. E.C.I.A. Business Growth, Inc is contracted to collect the funds for these programs and remit all principal and interest back to the lender. These loans are all due no longer than five years after date of issuance. The following is a schedule of notes receivable held at June 30, 2023:

Pass-through loans receivable at 6/31/2023	Number of Loans	Original Principal Balance	Current Outstanding Balance
Dubuque Initiative Program	5	\$ 50,000	\$ 34,245
Dubuque County Emergency Loan Program	38	400,000	143,706
Jackson County Emergency loan Program	2	10,000	337
Total pass-through loans receivable		\$ 1,075,000	\$ 178,288

NOTE H - COMPARATIVE DATA

The financial information for the year ended June 30, 2023, presented for comparative purposes, is not intended to be a complete financial statement. Such data includes prior year totals only and is captioned "memorandum only". This information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Therefore, readers should refer to the June 30, 2022 report for a complete presentation of that fiscal year.

NOTE I - PASS-THROUGH LOAN ACTIVITY

E.C.I.A. Business Growth, Inc. assists businesses within the service area in obtaining financing through the SBA 504, CDBG, Jackson County RLF and Dubuque County Intermediary Relending loan programs. As of June 30, 2023, the Corporation has assisted businesses to obtain the following loans that had loan activity during the year ended June 30, 2023:

	Number of Loans	Original Principal Balance	Current Outstanding Balance
SBA 504 loans	50	\$ 27,316,000	\$ 16,916,014
Jackson County Revolving Loan Fund Program	10	\$ 2,084,550	\$ 1,391,123
Dubuque County Interme- diary Relending Program	3	\$ 358,500	\$ 181,613

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE I - PASS-THROUGH LOAN ACTIVITY - CONTINUED

Under terms of the loan agreements, E.C.I.A. Business Growth, Inc. is paid a monthly service fee for handling and servicing these loans. E.C.I.A. Business Growth, Inc. has no liability in the event of a default by any of these borrowers.

Two SBA 504 loans totaling \$3,765,000 have been approved but are unfunded as of June 30, 2023.

NOTE J - LONG-TERM DEBT

In October of 2003, E.C.I.A. Business Growth, Inc. received notice from the United States Department of Agriculture (USDA) that its \$750,000 loan application to establish a five-county regional revolving loan fund was approved. The loan award required local matching funds, which were provided by Business Growth (\$100,000 from its unrestricted fund) and \$17,500 each from the participating counties of Dubuque, Delaware, Jackson, Cedar and Clinton, making the revolving loan fund a total of \$937,500. The full award of \$750,000 was received. The remaining loan balance due to USDA is \$329,852 as of June 30, 2023. The USDA loan must be repaid over a 30-year period. The loan, dated May 19, 2004, bears interest at 1% per annum. Principal payments were initially deferred for a period of three (3) years. Annual interest payments were required during the deferral period. Amortized annual payments of principal and interest began May 19, 2008.

Remaining principal and interest maturities are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 28,539	3,299	31,838
2025	28,824	3,014	31,838
2026	29,113	2,725	31,838
2027	29,404	2,434	31,838
2028	29,698	2,140	31,838
2029-2033	153,003	6,185	159,188
2034	31,271	313	31,584
	<u>\$ 329,852</u>	<u>\$ 20,110</u>	<u>\$ 349,962</u>

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2023

NOTE K - EDA REVOLVING LOAN FUND, EDA RECAPITALIZED REVOLVING LOAN FUND CONSOLIDATION & EDA DEFEDERALIZATION OF FEDERAL INTEREST IN THE CAPITAL BASE

In April 2009, the U.S. Department of Commerce Economic Development Administration (EDA) approved a \$500,000 investment to recapitalize the EDA revolving loan fund administered by ECIA Business Growth, Inc. To obtain this funding the Corporation was required to match with cash contributions of \$150,000 for a total recapitalization of \$650,000. As of April 2016, this loan program has been consolidated with the original EDA revolving loan fund. As of June 30, 2023, all \$1,175,000 has been drawn down on the award and all \$400,000 of the required matching contributions have been received.

	Federal	State/Match	Total
EDA - Revolving loan fund	\$ 375,000	\$ 125,000	\$ 500,000
EDA - Revolving loan fund	300,000	125,000	425,000
EDA - Recapitalized revolving loan fund	500,000	150,000	650,000
Total	\$ 1,175,000	\$ 400,000	\$ 1,575,000

As of December 1, 2022, the EDA agreed to a release of the federal interest in the capital base of the above EDA Financial Assistance Award 05-57-02195. The value of the capital base was \$2,033,353, which includes \$1,516,881 in federal funds based upon a 74.60% federal grant rate. ECIA Business Growth, Inc. has committed to using these funds for a revolving loan fund in accordance with EDA's Economic Adjustment Assistance (EAA) program, as authorized by Sections 209 of the Public Works and Economic Development Act of 1965, as amended (42 U.S.C. Section 3121 et seq.) (PWEDA).

NOTE L - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation has net financial assets of \$10,416 as of June 30, 2023, consisting of its unrestricted cash and cash equivalents of \$15,029 and accounts receivable-other of \$12,735, less \$15,510 of unearned revenue and less \$1,838 of pass-through loans payable available to meet cash needs for general expenditures for the next fiscal year. None of the unrestricted cash amounts are subject to donor or other contractual restrictions that make such assets unavailable for general expenditure within one year of the Statement of Financial Position date.

NOTE M - RISK MANAGEMENT

The Corporation is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL FINANCIAL INFORMATION

E.C.I.A. Business Growth, Inc.
Dubuque, Iowa
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the year ended June 30, 2023

	CFDA Number	Award Number	Federal Expenditures	End-of-Year Loans Receivable/ Payable
United States				
Department of Commerce				
Passed through East Central Intergovernmental Association Economic Development Administration (EDA) Revolving Loan Fund Grant CARES				
	11.307	05-79 06001	\$ 2,285,169	\$ 1,573,198
United States				
Department of Energy				
Passed through City of Dubuque Energy Efficiency and Generation Block Grants - Formula				
	81.128	N/A	77,379	-
United States				
Department of Agriculture				
Direct Rural Business Cooperative Service Intermediary Relending Program Note				
	10.767	N/A	358,118	329,852
Totals			\$ 2,720,666	\$ 1,903,050

Notes:

- 1) This statement is prepared on the accrual basis of accounting.
- 2) Loans outstanding include funds from both federal funds and local matching funds.
- 3) The Corporation did **not** elect to use the 10% de minimus indirect cost rate.
- 4) The Intermediary Relending Program loan payable balance is \$329,852 at June 30, 2023.
- 5) The formula used to determine federal expenditures for 11.307 & 81.128 is as follows:

	End-of-Year Outstanding Loans	End-of-Year Cash	Loan Write- offs/Forgiven	Administrative	Total
EDA CARES Loan Grant	\$ 1,573,198	\$ 481,037	\$ -	\$ 230,934	\$ 2,285,169
Energy Efficiency Block Grant	-	47,379	30,000	-	77,379
				Expense Expenditures	
EDA CARES Loan Grant		100%	\$ 2,285,169	\$ 2,285,169	
Energy Efficiency Block Grant		100%	77,379	77,379	



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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

Board of Directors
E.C.I.A. Business Growth, Inc.
Dubuque, Iowa

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 E.C.I.A. Business Growth, Inc., an Iowa nonprofit corporation, which comprises the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the 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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 determination of financial statement amounts. 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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tostaud & Temp, S.C.

November 6, 2023



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Your Business Safety Net

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
E.C.I.A. Business Growth, Inc.
Dubuque, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the E.C.I.A. Business Growth, Inc.'s (Corporation) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Corporation's major federal programs for the year ended June 30, 2023. The Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Corporation's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness the Commission's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit the attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Trostud + Temp, S.C.

November 6, 2023

E.C.I.A. Business Growth, Inc.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified
 considered to be material weaknesses? yes none identified

Noncompliance material to the financial
 statements? yes none identified

Federal Awards

Internal control over compliance:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified not
 considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance
 for major programs: Unmodified

Any audit findings disclosed that are
 required to be reported in accordance
 with Uniform Guidance yes no

Identification of major federal program

CFDA Number	Name of Federal Program or Cluster
11.307	Economic Development Administration Revolving Loan Fund Grant

Dollar threshold used to distinguish
 between Type A and Type B programs \$750,000

Auditee qualified as a low-risk auditee? yes no

Section II - Financial Statement Findings

None

Section III - Federal Findings and Questioned Costs

None

Status of Prior Audit Findings

There were no prior findings.