

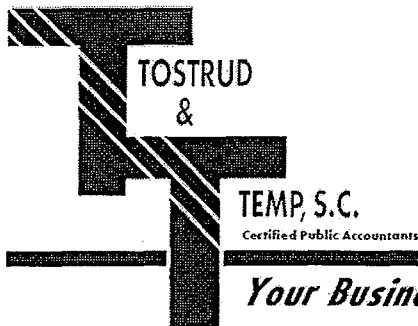
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

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

June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying statement of financial position of E.C.I.A. Business Growth, Inc. (a non-profit Corporation) as of June 30, 2018, and the related statements of activities, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis 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 information 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 October 15, 2018 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 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 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.



October 15, 2018

FINANCIAL STATEMENTS

E.C.I.A. Business Growth, Inc.
 Dubuque, Iowa
STATEMENT OF FINANCIAL POSITION
 June 30, 2018
 (With comparative totals as of June 30, 2017)

	Unrestricted	Permanently Restricted	Totals (Memorandum Only)	
			2018	2017
ASSETS				
CURRENT ASSETS				
Cash				
Checking	\$ 37,606	\$ -	\$ 37,606	\$ 28,952
Savings	31,014	689,626	720,640	577,107
	68,620	689,626	758,246	606,059
Receivables				
Other	9,200	-	9,200	10,160
Notes receivable - current portion	-	385,535	385,535	368,530
	9,200	385,535	394,735	378,690
Total current assets	77,820	1,075,161	1,152,981	984,749
NONCURRENT ASSETS				
Notes receivable less allowance for loan losses of \$158,000, less current portion	-	1,716,338	1,716,338	1,918,032
Total assets	\$ 77,820	\$ 2,791,499	\$ 2,869,319	\$ 2,902,781
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current liabilities				
Current maturities of long-term debt	\$ -	\$ 27,278	\$ 27,278	\$ 27,009
Accounts payable	18,215	-	18,215	33,157
Interest payable	-	578	578	665
Pass through loan payable	-	-	-	17,575
Total current liabilities	18,215	27,856	46,071	78,406
Long-term debt, less current maturities	-	441,133	441,133	468,233
NET ASSETS				
Unrestricted	59,605	-	59,605	36,670
Permanently restricted	-	2,322,510	2,322,510	2,319,472
Total net assets	59,605	2,322,510	2,382,115	2,356,142
Total liabilities and net assets	\$ 77,820	\$ 2,791,499	\$ 2,869,319	\$ 2,902,781

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, 2018

(With comparative totals for the year ended June 30, 2017)

	Unrestricted	Permanently Restricted	Totals (Memorandum Only)	
			2018	2017
REVENUES				
Interest				
RLF loans	\$ 63,391	\$ -	\$ 63,391	\$ 67,114
RLF-IRP deposits	-	-	-	-
RLF-IRP loans	31,409	-	31,409	28,930
SBA loans	12,316	-	12,316	5,980
Other	1,323	-	1,323	1,682
Total interest	<u>108,439</u>	<u>-</u>	<u>108,439</u>	<u>103,706</u>
Service fees				
SBA loans	117,589	-	117,589	131,674
Other	10,818	-	10,818	12,068
Total service fees	<u>128,407</u>	<u>-</u>	<u>128,407</u>	<u>143,742</u>
Processing fees				
SBA loans	7,824	-	7,824	15,511
RLF loans	7,691	-	7,691	11,334
Total processing fees	<u>15,515</u>	<u>-</u>	<u>15,515</u>	<u>26,845</u>
Loan closing fees				
SBA loans	18,981	-	18,981	29,593
RLF loans	5,000	-	5,000	5,785
Total loan closing fees	<u>23,981</u>	<u>-</u>	<u>23,981</u>	<u>35,378</u>
Total revenue	<u>276,342</u>	<u>-</u>	<u>276,342</u>	<u>309,671</u>
EXPENSES				
Administrative expense	208,694	-	208,694	354,945
Filing fees	1,410	-	1,410	1,848
Legal fees	11,294	-	11,294	12,043
Abstract fees	2,325	-	2,325	3,900
Business expense	5,316	-	5,316	5,127
Insurance expense	1,680	-	1,680	1,841
Credit verification expense	109	-	109	200
Bad debt expense	-	-	-	96,753
Grant expenses	2,500	-	2,500	17,500
Miscellaneous expense	2,122	-	2,122	6,812
Total expenses	<u>235,450</u>	<u>-</u>	<u>235,450</u>	<u>500,969</u>
Operating income	40,892	-	40,892	(191,298)
NON-OPERATING INCOME (EXPENSES)				
Interest expense	-	(4,919)	(4,919)	(5,183)
Forgivable loan write off	-	(10,000)	(10,000)	(12,500)
Operating transfer	(17,957)	17,957	-	-
Net non-operating income (expense)	<u>(17,957)</u>	<u>3,038</u>	<u>(14,919)</u>	<u>(17,683)</u>
Increase (decrease) in net assets	\$ <u>22,935</u>	\$ <u>3,038</u>	\$ <u>25,973</u>	\$ <u>(208,981)</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, 2018

(With comparative totals for the year ended June 30, 2017)

	Unrestricted	Permanently Restricted	Totals (Memorandum Only)	
			2018	2017
Net assets at beginning of year	\$ 36,670	\$ 2,319,472	\$ 2,356,142	\$ 2,565,123
Current year increase (decrease) in net assets	<u>22,935</u>	<u>3,038</u>	<u>25,973</u>	<u>(208,981)</u>
Net assets at end of year	<u>\$ 59,605</u>	<u>\$ 2,322,510</u>	<u>\$ 2,382,115</u>	<u>\$ 2,356,142</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, 2018

(With comparative totals for the year ended June 30, 2017)

Increase (decrease) in Cash and Cash Equivalents

	Unrestricted	Permanently Restricted	Totals (Memorandum Only)	
			2018	2017
Cash flows provided by operating activities				
Cash received from customers	\$ 277,302	\$ -	\$ 277,302	\$ 302,723
Net cash received from governmental sources	-	-	-	17,575
Cash payments to vendors	(250,392)	-	(250,392)	(389,738)
Net cash provided by (used in) operating activities	26,910	-	26,910	(69,440)
Cash flows from financing activities				
Payments on long-term debt	-	(26,831)	(26,831)	(26,619)
Collections on notes receivable	-	524,689	524,689	601,888
Interest expense	-	(5,006)	(5,006)	(5,219)
Issuance of new loans	-	(367,575)	(367,575)	(469,660)
Operating transfers	(17,957)	17,957	-	-
Net cash provided by (used in) financing activities	(17,957)	143,234	125,277	100,390
Net increase (decrease) in cash	8,953	143,234	152,187	30,950
Cash and equivalents at beginning of year	59,667	546,392	606,059	575,109
Cash and equivalents at end of year	\$ 68,620	\$ 689,626	\$ 758,246	\$ 606,059
Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities				
Operating income (loss)	\$ 40,892	\$ -	\$ 40,892	\$ (191,298)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Bad debt writeoff	-	-	-	66,753
Increase in bad debt reserve	-	-	-	30,000
Increase in receivables	960	-	960	(6,948)
Increase in accounts payable	(14,942)	-	(14,942)	14,478
Increase in pass through loans payable	-	-	-	17,575
Net cash provided by (used in) operating activities	\$ 26,910	\$ -	\$ 26,910	\$ (69,440)

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, 2018

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.

Unrestricted funds 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 have been stated by the original donor or grant agreement, such funds are classified as board designated unrestricted funds. Permanently restricted funds 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 to be cash equivalents.

6. Subsequent Events

The Corporation has evaluated subsequent events through October 15, 2018, 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, 2018

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, 2018, \$356,728 of the Corporation's deposits were in excess of Federal Deposit Insurance Corporation (FDIC) coverage and were collateralized by a local bank. There may have been times during the year that the Corporation's deposits exceeded the FDIC coverage and bank collateral 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, 2018, E.C.I.A. Business Growth, Inc. paid E.C.I.A. \$208,694 for such services.

NOTE E - RESTRICTED FUNDS

Net assets of the restricted fund at June 30, 2018 consist of the following:

<u>Source of Funds</u>	
Local grants	\$ 200
Local contributed capital	400,000
EDA loan fund grants	1,175,000
Energy efficiency loan fund grant	200,000
Cumulative results of operation	<u>547,310</u>
Total	<u>\$ 2,322,510</u>

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2018

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.

E.C.I.A. Business Growth, Inc. has the following long-term notes receivable at June 30, 2018:

Debtor	Terms	Balance
R & J Rentals, LLC	The note, dated September 30, 2009, is due September 30, 2024 with interest and principal payments of \$1,747.65 beginning October 30, 2009 and each month thereafter bearing interest of 5.0% per annum, rate was revised October 2016, to 4% per annum with an estimated payoff date of June, 2024. The note is secured by written personal guarantees of Raymond C. Philipppson and Jane Philipppson and corporate guarantees of American Concrete Pumping, Inc. and Philipppson Masonry & Concrete, Inc., a first UCC interest lien on all purchase money equipment and a blanket UCC interest on all accounts receivable, contract rights, general intangibles and proceeds arising therefrom; inventory, furniture, fixtures, machinery and equipment now owned and hereafter acquired, which shall be subject to existing liens of F&M Savings Bank, and subject to future financing to those entities.	\$ 111,340

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2018

NOTE F - LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES - CONTINUED

Debtor	Terms	Balance
Welu, Inc.	The note, dated May 2, 2011 is due April 1, 2021 with interest and principal payments of \$1,392.12 beginning May 2, 2011 and each month thereafter bearing interest of 4.0% per annum. The note is secured a UCC security interest on a press, a blanket UCC interest on all accounts receivable, contract rights and general intangibles, inventory, furniture, fixtures, machinery and equipment, subject to existing loans of Premier Bank and personal guarantees of Julie A. Frommelt, Steven Frommelt and David J. Welu, and a corporate guarantee of WELU, Inc. and subject to future financing to those entities.	44,678
Welu, Inc.	The note, dated May 2, 2011 is due April 1, 2021 with interest and principal payments of \$1,645.23 beginning May 2, 2011 and each month thereafter bearing interest of 4.0% per annum. The note is secured a UCC security interest on a press, a blanket UCC interest on all accounts receivable, contract rights and general intangibles, inventory, furniture, fixtures, machinery and equipment, subject to existing loans of Premier Bank and personal guarantees of Julie A. Frommelt, Steven Frommelt and David J. Welu, and a corporate guarantee of WELU, Inc. and subject to future financing to those entities.	52,802
Rauen, Inc.	The note, dated May 23, 2012, is due May 23, 2019 with interest and principal payments of \$1,402.42 beginning June 23, 2012 and each month thereafter bearing interest of 4.0% per annum. The note is secured by a UCC lien on specific equipment described on exhibit "A" of the promissory note, a UCC filing on all other equipment, and a third mortgage on the business real estate owned by SJR Properties subject to existing liens of Dubuque Bank & Trust and U.S. Small Business Administration, and personal guarantees of Joanne M. Rauen and Thomas J. Rauen, the assignment of life insurance of Thomas J. Rauen, and subject to future financing to those entities.	15,123

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2018

NOTE F - LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES - CONTINUED

Debtor	Terms	Balance
Behnke Enterprises, Inc.	The note, dated June 29, 2012, is due June 29, 2022 with interest and principal payments of \$1,645.23 beginning July 29, 2012 and each month thereafter bearing interest of 2.0% per annum. The note is secured by a UCC interest lien on all purchase money equipment, the Powder Coating Equipment as well as a UCC lien on all accounts receivable, contract rights, general intangibles, and proceeds arising therefrom, inventory, furniture, fixtures, machinery and equipment now and thereafter acquired, plus personal guarantees of Margie Behnke and Gerald Behnke, and the assignment of life insurance of \$150,000 each on Margie and Gerald Behnke.	72,865
Behnke Enterprises, Inc.	The note, dated September 25, 2012, is due September 25, 2022 with interest and principal payments of \$1,392.12 beginning October 25, 2012 and each month thereafter bearing interest of 4.0% per annum. The note is secured by a UCC interest lien on all purchase money equipment: the Powder Coating Equipment as well as a UCC lien on all accounts receivable, contract rights, general intangibles, and proceeds arising therefrom, inventory, furniture, fixtures, machinery and equipment now and thereafter acquired, which shall be subject to existing liens of Premier Bank, plus personal guarantees of Margie Behnke and Gerald Behnke, and the assignment of life insurance of \$150,000 each on Margie and Gerald Behnke, and subject to future financing to those entities.	65,192

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2018

NOTE F - LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES - CONTINUED

Debtor	Terms	Balance
Dardis Communica- tions, Inc.	The note, dated November 22, 2013, is due November 7, 2023 with interest and principal payments of \$2,531.13 beginning December 7, 2013 and each month thereafter bearing interest of 4.0% per annum. The note is secured by a blanket UCC interest on all equipment now owned and hereafter purchased, a third mortgage on the business real estate owned by Dardis Properties, LLC, and a written personal guarantee of Gregory A. Dardis, corporate guarantee of Dardis Communications, Inc., and an assignment of life insurance of Gregory A. Dardis.	147,700
Envision Sports Design, LLC	The note, dated September 11, 2014, is due September 12, 2021 with interest and principal payments of \$493.25 beginning October 12, 2014 and each month thereafter bearing interest of 1.0% per annum. 20% or \$10,000 of this loan is forgivable on a monthly basis.	18,920
Bruggeman Lumber, Inc.	The note, dated January 14, 2015, is due January 14, 2025 with interest and principal payments of \$2,521.13 beginning February 14, 2015 and each month thereafter bearing interest of 4.0% per annum. The note is secured by a CASE wheel loader, and a blanket UCC interest on the balance of the equipment, behind American Trust and Savings Bank and SBA, now owned and hereafter purchased, a third mortgage on the business real estate owned by Bruggeman Real Estate LLC, which shall be subject to existing liens of American Trust and Savings Bank and U.S. Small Business Administration, and a written personal guarantee of Arnold Bruggeman and William Wiezorek, corporate guarantee of Bruggeman Lumber, Inc., and an assignment of life insurance of Roger Gibbs.	175,542

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2018

NOTE F - LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES - CONTINUED

Debtor	Terms	Balance
Jeda Polymers, LLC	The note, dated March 13, 2015 is due March 13, 2025 with interest and principal payments of \$2,531.13 beginning April 13, 2015 and each month thereafter bearing interest of 4.0% per annum. The note is secured by a first UCC security interest in the extruder equipment to be purchased, a blanket UCC, second to American Trust & Savings Bank, written personal guarantees of Jeffrey Goodwin and Ronda Haskell, corporate guarantee of Jeda Polymers, LLC, and an assignment of life insurance of Ronda Haskell.	179,415
Jeda Polymers, LLC	The note, dated March 13, 2015 is due March 13, 2025 with interest and principal payments of \$3,128.47 beginning April 13, 2015 and each month thereafter bearing interest of 4.0% per annum. The note is secured by a first UCC security interest in the extruder equipment to be purchased, a blanket UCC, second to American Trust & Savings Bank, written personal guarantees of Jeffrey Goodwin and Ronda Haskell, corporate guarantee of Jeda Polymers, LLC, and an assignment of life insurance of Ronda Haskell.	221,757
Tri-State Quality Metals, LLC	The note, dated May 14, 2015 is due May 15, 2025 with interest and principal payments of \$3,543.58 beginning June 14, 2015 and each month thereafter bearing interest of 4.0% per annum. The note is secured by a UCC security interest lien on all purchase money equipment, personal guarantee of Gary James Wilming, corporate guarantee of Tri-State Quality Metals, LLC, and an assignment of life insurance of Gary James Wilming.	116,566

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2018

NOTE F - LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES - CONTINUED

Rauen
Incorporated

The note, dated June 25, 2015, is due June 30, 2022 with interest and principal payments of \$2,050.32 beginning July 30, 2015 and each month thereafter bearing interest of 4.0% per annum. The note is secured by a first UCC security interest lien on equipment, a third mortgage on the business real estate owned by SJR Properties, LLC subject to existing liens of Dubuque Bank & Trust and US Small Business Administration, written personal guarantees of Joanne Rauen and Thomas Rauen, corporate guarantee of Rauen Incorporated, and an assignment of life insurance of Thomas Rauen.

90,806

Kendrick,
Inc.

The note, dated December 23, 2015, is due December 23, 2022 with interest and principal payments of \$1,987.00 beginning January 23, 2016 and each month thereafter bearing interest of 3.0% per annum. The note is secured by a blanket UCC interest on all equipment now owned and hereafter purchased (Second to Community Savings Bank) and the personal guarantee of Tim Kendrick and Rhonda Kendrick, and the corporate guarantee of Kendrick, Inc., and subject to future financing of those entities.

101,171

Kendrick,
Inc.

The note, dated December 23, 2015, is due December 23, 2022 with interest and principal payments of \$2,049.96 beginning January 23, 2016 and each month thereafter bearing interest of 4.0% per annum. The note is secured by a blanket UCC interest on all equipment now owned and hereafter purchased (second to Community Savings Bank), personal guarantees of Tim Kendrick and Rhonda Kendrick, and a corporate guarantee of Kendrick, Inc., and subject to future financing to those entities.

100,001

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2018

NOTE F - LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES - CONTINUED

Debtor	Terms	Balance
ECIA	The note, dated August 4, 2016, is due August 15, 2023 with interest and principal payments of \$616.56 beginning September 15, 2016 and each month thereafter bearing interest of 1.0% per annum.	37,241
Key City Creative	The note dated January 17, 2017, is due January 18, 2032 with interest and principal payments of \$961.59 beginning February 18, 2017 and each month thereafter bearing interest of 4.0% per annum. The note is secured by a blanket UCC interest on all equipment now owned and hereafter purchased, a mortgage on the business real estate, personal guarantees of Timothy Hitzler, a corporate guarantee of Key City Creative, LLC, and an assignment of life insurance of Timothy Hitzler.	120,776
Chuck Body Shop	The note, dated June 20, 2017, is due June 20, 2037 with interest and principal payments of \$821.00 beginning July 20, 2017 and each month thereafter bearing interest of 4.75% per annum. The note is secured a UCC security interest, a blanket UCC interest on all equipment now owned and hereafter purchased, a second mortgage of the business real estate, the residence owned by Charles & Maria Wolever (subject to existing liens of DeWitt Bank and Trust), a written personal guarantee of Charles and Marie Wolever, company guarantee of Chuck's Body Shop, LLC., and an assignment of life insurance of Charles Wolever.	123,255
Kendrick, Inc.	The note dated June 27, 2017, is due June 27, 2024 with interest and principle payments of \$2,050.32 beginning July 27, 2017 and each month thereafter bearing interest of 4.0% per annum. The note is secured by a blanket UCC interest on all equipment now owned and hereafter purchased (second to Community Savings Bank), personal guarantees of Tim Kendrick and Rhonda Kendrick, and a corporate guarantee of Kendrick, Inc., and subject to future financing to those entities.	131,051

E.C.I.A. Business Growth, Inc
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2018

NOTE F - LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES - CONTINUED

Debtor	Terms	Balance
Dub Jones Real Estate	The note, dated November 21, 2017, is due October 21, 2024 with interest and principal payments of \$493.25 beginning December 21, 2017 and each month thereafter bearing interest of 1.0% per annum.	36,773
Bruggeman Lumber, Inc.	The note, dated May 15, 2018, is due May 15, 2025 with interest and principal payments of \$4,100.64 beginning June 15, 2018 and each month thereafter bearing interest of 4.0% per annum. The note is secured by a blanket UCC interest on all accounts receivable, contract rights, general intangibles, and proceeds arising therefrom: inventory, furniture, fixtures, machinery and equipment, excluding automotive now owned and hereafter acquired, and a third mortgage on the business real estate owned by Bruggeman Lumber, Inc. which shall be subject to existing liens of American Trust and Savings Bank and U.S. Small Business Administration, and a written personal guarantee of William R. Wieszorek and Carolyn Wieszorek and Corporate guarantee of Bruggeman Lumber, Inc.	296,899
	Total revolving loan fund notes receivable	2,259,873
	Less current maturities	(385,535)
	Less allowance for loan losses	(158,000)
	Total long-term notes receivable	\$ 1,716,338

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2018

NOTE F - LOANS RECEIVABLE AND ALLOWANCE FOR LOAN LOSSES - CONTINUED

Following is a schedule of maturities for notes receivable held at June 30, 2018:

<u>June 30,</u>		
2019	\$	385,535
2020		383,862
2021		391,760
2022		347,423
2023		261,399
2024-2028		379,331
2029-2033		74,706
2034-2037		<u>35,857</u>
	\$	<u>2,259,873</u>

Loans disbursed under the Energy Efficiency grant agreement are forgiven, in the amount of twenty percent of the loan, as an energy efficiency rebate immediately after the loans are disbursed to the borrower. For the year ended June 30, 2018, \$10,000 of notes receivable were forgiven and expensed as part of the agreement.

NOTE G - COMPARATIVE DATA

The financial information for the year ended June 30, 2017, 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, 2017 report for a complete presentation of that fiscal year.

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2018

NOTE H - 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, 2018, the Corporation has assisted businesses to obtain the following loans:

	Number of Loans	Original Principal Balance	Current Outstanding Balance
SBA 504 loans	<u>53</u>	<u>\$ 28,492,000</u>	<u>\$ 21,440,785</u>
Jackson County Revolving Loan Fund Program	<u>7</u>	<u>\$ 1,476,600</u>	<u>\$ 971,146</u>
Dubuque County Interme- diary Relending Program	<u>5</u>	<u>\$ 666,543</u>	<u>\$ 358,056</u>

As of June 30, 2018, one loan in the amount of \$621,000 have been approved under the SBA 504 loan program, but no funds have been disbursed on this loan. 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.

In July 2008, ECIA Business Growth, Inc. renewed its 28E Agreement with Southeast Iowa Regional Planning Commission (SEIRPC) for the marketing and packaging of SBA 504 loans in Region 16. ECIA Business Growth, Inc. receives a portion of any loan closing fees from that region.

E.C.I.A Business Growth, Inc.
 Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2018

NOTE I - 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 and the remaining loan balance due to USDA is \$468,411 as of June 30, 2018. The USDA award is a loan and must be paid back 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>
2019	\$ 27,278	\$ 4,560	\$ 31,838
2020	27,552	4,286	31,838
2021	27,829	4,009	31,838
2022	28,109	3,729	31,838
2023	28,391	3,447	31,838
2024-2028	146,291	12,896	159,187
2029-2033	153,788	5,399	159,187
2034	29,173	139	29,312
	<u>\$ 468,411</u>	<u>\$ 38,465</u>	<u>\$ 506,876</u>

NOTE J - EDA REVOLVING LOAN FUND & EDA RECAPITALIZE REVOLVING LOAN FUND CONSOLIDATION

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, 2018, all \$1,175,000 has been drawn down on the \$1,175,000 award and all \$400,000 of the required matching contributions have been received.

	<u>Federal</u>	<u>State</u>	<u>Total</u>
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	<u>\$ 1,175,000</u>	<u>\$ 400,000</u>	<u>\$ 1,575,000</u>

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2018

NOTE K - 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

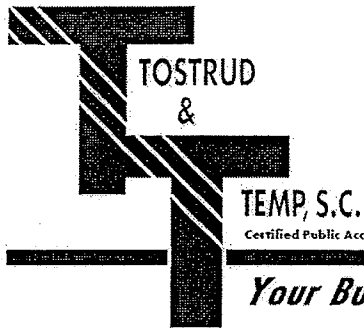
E.C.I.A. Business Growth, Inc.
Dubuque, Iowa
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the year ended June 30, 2018

	<u>CFDA Number</u>	<u>Award Number</u>	<u>Federal Expenditures</u>	<u>Loans Outstanding</u>
United States				
Department of Commerce				
Passed through East Central Intergovernmental Association Economic Development Administration (EDA) Revolving Loan Fund Grant				
	11.307	05-57-02195	\$ 1,525,212	\$ 1,441,026
United States				
Department of Energy				
Passed through City of Dubuque Energy Efficiency and Generation Block Grants - Formula				
	81.128	N/A	117,722	92,933
United States				
Department of Agriculture				
Direct Rural Business Cooperative Service Intermediary Relending Program				
	10.767	N/A	<u>468,411</u>	<u>806,057</u>
Totals			<u>\$ 2,111,345</u>	<u>\$ 2,340,016</u>

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 formula used to determine federal expenditures for 11.307 & 81.128 is as follows:

	<u>Outstanding Loans</u>	<u>Cash</u>	<u>Loan write offs</u>	<u>Total</u>
EDA Revolving Loan Grant	\$ 1,441,026	\$ 592,590	\$ -	\$ 2,033,616
Energy Efficiency Block Grant	92,933	24,789	-	117,722
	<u>Federal %</u>	<u>Total Expense</u>	<u>Federal Expense</u>	
EDA Revolving Loan Grant	75%	2,033,616	\$ 1,525,212	
Energy Efficiency Block Grant	100%	117,722	117,722	



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Your Business Safety Net

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, 2018, 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 October 15, 2018.

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

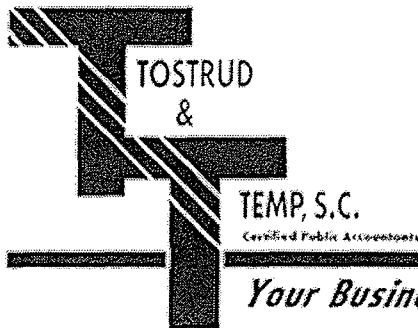
As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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.

Forstner & Kemp, S.C.

October 15, 2018



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**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

We have audited E.C.I.A. Business Growth, Inc.'s 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 Organization's major federal programs for the year ended June 30, 2018. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above.

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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above, that could have a material effect on the major federal programs, occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance with each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the 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, 2018.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

Purpose of this report

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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



October 15, 2018

E.C.I.A. Business Growth, Inc.
Dubuque, Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2018

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 X no
Significant deficiency(ies) identified
considered to be material weaknesses? ___ yes X no

Noncompliance material to the financial
statements? ___ yes X no

Federal Awards

Internal control over compliance:
Material weakness(es) identified? ___ yes X no
Significant deficiency(ies) identified not
considered to be material weaknesses? ___ yes X 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 X no

Identification of major federal program

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
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? X 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.