

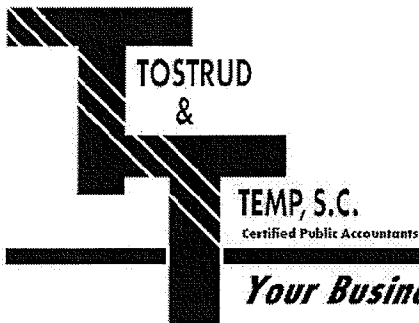
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

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

June 30, 2020

T A B L E O F C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF ACTIVITIES	7
STATEMENT OF CHANGES IN NET ASSETS	8
STATEMENT OF FUNCTIONAL EXPENSES	9
STATEMENT OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS	11
SUPPLEMENTAL FINANCIAL INFORMATION	
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE	25
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 <u>GOVERNMENT AUDITING STANDARDS</u>	26
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	30



609 S. 4th Street, Suite B
La Crosse, WI 54601
Phone: 608-784-8060
Fax: 608-784-8167

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, 2020, and the related statements of activities, changes in net assets, functional expenses 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, 2020, 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 26, 2020 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.

Trostred & Temp, S.C.

October 26, 2020

FINANCIAL STATEMENTS

E.C.I.A. Business Growth, Inc.
Dubuque, Iowa
STATEMENT OF FINANCIAL POSITION
June 30, 2020
(With comparative totals as of June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Totals (Memorandum Only)	
			2020	2019
ASSETS				
CURRENT ASSETS				
Cash				
Checking	\$ 58,324	\$ -	\$ 58,324	\$ 48,303
Savings	31,876	1,365,825	1,397,701	732,915
	90,200	1,365,825	1,456,025	781,218
Receivables				
Other	9,797	-	9,797	16,400
Grants	-	-	-	-
Notes receivable - current portion	-	357,424	357,424	393,959
	9,797	357,424	367,221	410,359
Total current assets	99,997	1,723,249	1,823,246	1,191,577
NONCURRENT ASSETS				
Notes receivable less allowance for loan losses of \$158,000, less current portion	-	1,804,738	1,804,738	1,661,208
Total assets	\$ 99,997	\$ 3,527,987	\$ 3,627,984	\$ 2,852,785
LIABILITIES AND NET ASSETS				
LIABILITIES				
Current liabilities				
Current maturities of long-term debt	\$ -	\$ 27,708	\$ 27,708	\$ 27,551
Accounts payable	24,344	-	24,344	20,965
Interest payable	-	488	488	532
Total current liabilities	24,344	28,196	52,540	49,048
Long-term debt, less current maturities	-	1,186,148	1,186,148	413,719
NET ASSETS				
Without donor restrictions	75,653	-	75,653	75,319
With donor restrictions	-	2,313,643	2,313,643	2,314,699
Total net assets	75,653	2,313,643	2,389,296	2,390,018
Total liabilities and net assets	\$ 99,997	\$ 3,527,987	\$ 3,627,984	\$ 2,852,785

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, 2020

(With comparative totals for the year ended June 30, 2019)

	Without	With	Totals	
	Donor Restrictions	Donor Restrictions	(Memorandum Only)	
			2020	2019
REVENUES				
Interest				
RLF loans	\$ 60,034	\$ -	\$ 60,034	\$ 69,064
RLF-IRP loans	21,843	-	21,843	29,315
SBA loans	11,685	-	11,685	13,497
Other	1,326	-	1,326	1,685
Total interest	<u>94,888</u>	<u>-</u>	<u>94,888</u>	<u>113,561</u>
Service fees				
SBA loans	109,386	-	109,386	112,619
Other	32,864	-	32,864	13,304
Total service fees	<u>142,250</u>	<u>-</u>	<u>142,250</u>	<u>125,923</u>
Processing fees				
SBA loans	13,152	-	13,152	7,448
RLF loans	8,849	-	8,849	11,327
Total processing fees	<u>22,001</u>	<u>-</u>	<u>22,001</u>	<u>18,775</u>
Loan closing fees				
SBA loans	23,211	-	23,211	11,952
RLF loans	1,620	-	1,620	500
Total loan closing fees	<u>24,831</u>	<u>-</u>	<u>24,831</u>	<u>12,452</u>
Net assets released from restrictions	<u>(3,324)</u>	<u>3,324</u>	<u>-</u>	<u>-</u>
Total revenue	<u>280,646</u>	<u>3,324</u>	<u>283,970</u>	<u>270,711</u>
EXPENSES				
Administrative expense	243,354	-	243,354	231,310
Filing fees	1,150	-	1,150	792
Legal fees	10,986	-	10,986	5,402
Abstract fees	1,480	-	1,480	925
Business expense	5,578	-	5,578	5,561
Insurance expense	1,680	-	1,680	1,680
Credit verification expense	311	-	311	35
Grant expenses	15,000	-	15,000	10,000
Miscellaneous expense	773	-	773	2,452
Total expenses	<u>280,312</u>	<u>-</u>	<u>280,312</u>	<u>258,157</u>
Operating income (loss)	334	3,324	3,658	12,554
NON-OPERATING INCOME				
(EXPENSES)				
Interest expense	-	(4,380)	(4,380)	(4,651)
Forgivable loan write off	-	-	-	-
Net non-operating income (expense)	<u>-</u>	<u>(4,380)</u>	<u>(4,380)</u>	<u>(4,651)</u>
Increase (decrease) in net assets	<u>\$ 334</u>	<u>\$ (1,056)</u>	<u>\$ (722)</u>	<u>\$ 7,903</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, 2020
 (With comparative totals for the year ended June 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	Totals (Memorandum Only)	
			2020	2019
Net assets at beginning of year	\$ 75,319	\$ 2,314,699	\$ 2,390,018	\$ 2,382,115
Current year increase (decrease) in net assets	<u>334</u>	<u>(1,056)</u>	<u>(722)</u>	<u>7,903</u>
Net assets at end of year	\$ <u><u>75,653</u></u>	\$ <u><u>2,313,643</u></u>	\$ <u><u>2,389,296</u></u>	\$ <u><u>2,390,018</u></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, 2020
(With comparative totals for the year ended June 30, 2019)

	Program	Nonprogram	Totals (Memorandum Only)	
			2020	2019
Administrative expense	\$ 193,606	\$ 49,748	\$ 243,354	\$ 231,310
Filing fees	1,150	-	1,150	792
Legal fees	10,986	-	10,986	5,402
Abstract fees	1,480	-	1,480	925
Business expense	5,578	-	5,578	5,561
Insurance expense	1,680	-	1,680	1,680
Credit verification expense	311	-	311	35
Grant match expenses	15,000	-	15,000	10,000
Miscellaneous expense	773	-	773	2,452
Total expenses	<u>\$ 230,564</u>	<u>\$ 49,748</u>	<u>\$ 280,312</u>	<u>\$ 258,157</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, 2020

(With comparative totals for the year ended June 30, 2019)

Increase (decrease) in Cash and Cash Equivalents

	Without Donor Restrictions	With Donor Restrictions	Totals (Memorandum Only)	
			2020	2019
Cash flows provided by operating activities				
Cash received from customers	\$ 290,573	\$ -	\$ 290,573	\$ 263,511
Cash payments to vendors	(276,933)	-	(276,933)	(255,407)
Cash released from donor restrictions	(3,324)	3,324	-	-
Net cash provided by (used in) operating activities	10,316	3,324	13,640	8,104
Cash flows from financing activities				
Payments on long-term debt	-	772,586	772,586	(27,141)
Collections on notes receivable	-	443,005	443,005	596,706
Interest expense	-	(4,424)	(4,424)	(4,697)
Issuance of new loans	-	(550,000)	(550,000)	(550,000)
Net cash provided by (used in) financing activities	-	661,167	661,167	14,868
Net increase (decrease) in cash	10,316	664,491	674,807	22,972
Cash and equivalents at beginning of year	79,884	701,334	781,218	758,246
Cash and equivalents at end of year	\$ 90,200	\$ 1,365,825	\$ 1,456,025	\$ 781,218

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

Operating income (loss)	\$ 334	\$ 3,324	\$ 3,658	\$ 12,554
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Increase in receivables	6,603	-	6,603	(7,200)
Increase in accounts payable	3,379	-	3,379	2,750
	9,982	-	9,982	(4,450)
Net cash provided by (used in) operating activities	\$ 10,316	\$ 3,324	\$ 13,640	\$ 8,104

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, 2020

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 to be cash equivalents.

6. Subsequent Events

The Corporation has evaluated subsequent events through October 26, 2020, 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, 2020

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, 2020, \$929,194 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, 2020, E.C.I.A. Business Growth, Inc. paid E.C.I.A. \$243,354 for such services.

NOTE E - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2020 consists 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 operations	<u>538,443</u>
Total	\$ <u><u>2,313,643</u></u>

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

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, 2020:

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.	\$ 77,006

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

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.	19,011
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.	22,468
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.	103,428

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

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

Debtor	Terms	Balance
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.	7,350
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.	127,003
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.	45,322

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

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

Debtor	Terms	Balance
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.	58,442
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.	57,216
Kendrick, Inc.	The note dated June 27, 2017, is due June 27, 2024 with interest and principal 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.	90,806

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

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.	23,053
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.	106,833
Chuck's Body Shop LLC	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.	114,867
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.	25,563

E.C.I.A. Business Growth, Inc
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

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

Debtor	Terms	Balance
Bruggeman Lumber, Inc.	The note, dated May 15, 2019, is due May 15, 2025 with interest and principal payments of \$4,100.64 beginning June 15, 2019 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. Wiezorek and Carolyn Wiezorek and Corporate guarantee of Bruggeman Lumber, Inc.	219,303
Willow Pear, LLC	The note, dated February 1, 2020, is due February 1, 2029 with interest and principal payments of \$2,531.13 beginning March 1, 2020 and each month thereafter bearing interest of 4.0% per annum. The note is secured a second UCC security interest in the equipment and 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 by Dyersville Family Dentistry, P.C., and a second mortgage on the business real estate owned by Willow Pear, LLC, which shall be subject to existing liens of Fidelity Bank & Trust, the written personal guarantees of Dr. Karen L. Runde and Nathan D. Runde, company guarantees of Willow Pear, LLC and Dyersville Family Dentistry, P.C., and an assignment of life insurance of Dr. Karen L. Runde.	222,145

E.C.I.A. Business Growth, Inc
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

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

Debtor	Terms	Balance
Norpar IA, LLC	The note, dated February 28, 2020, is due February 28, 2024 with interest and principal payments of \$5,524.96 beginning March 28, 2020 and each month thereafter bearing interest of 4.0% per annum. The note is secured by a mortgage on Lot 1 of Cascade Industrial Park 4 th addition in the City of Cascade, Iowa. Said mortgage is a second mortgage on the business real estate owned by Nopar IA, LLC which shall be subject to existing liens of Central Iowa Power Cooperative, plus security agreement, assignment of lease and rent and a written personal guarantee of Mark Parenteau.	225,762
Missy Sipper	The note, dated July 26, 2019, is due August 1, 2039 with interest and principal payments of \$706.16 beginning September 01, 2019 and each month thereafter bearing interest of 4.5% per annum. The note is secured by a UCC security 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 by Missy Sipper Brewing LLC, and a second mortgage on the business real estate owned by MidWestOne Bank f/k/a American Trust & Savings Bank, the written personal guarantees of Donald Vize and Kari Vize, company guarantees of Missy Sipper Brewing LLC.	109,584
	Total revolving loan fund notes receivable	\$ 1,655,162
	Less current maturities	(357,424)
	Less allowance for loan losses	(158,000)
	Total long-term notes receivable	\$ <u>1,139,738</u>

E.C.I.A. Business Growth, Inc
 Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2020

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

Following is a schedule of maturities for notes receivable held at June 30, 2020:

<u>June 30,</u>		
2021	\$	357,424
2022		321,713
2023		285,237
2024		232,555
2025		108,291
2026-2030		208,694
2031-2035		88,585
2036-2040		<u>52,663</u>
	\$	<u><u>1,655,162</u></u>

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 loans are disbursed to the borrower. No loans were forgiven during the current fiscal year.

NOTE G - COMPARATIVE DATA

The financial information for the year ended June 30, 2019, 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, 201 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, 2020

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, 2020, the Corporation has assisted businesses to obtain the following loans that had loan activity during the year ended June 30, 2020:

	Number of Loans	Original Principal Balance	Current Outstanding Balance
SBA 504 loans	<u>50</u>	\$ <u>28,178,000</u>	\$ <u>19,799,833</u>
Jackson County Revolving Loan Fund Program	<u>8</u>	\$ <u>1,924,250</u>	\$ <u>1,223,774</u>
Dubuque County Interme- diary Relending Program	<u>5</u>	\$ <u>658,043</u>	\$ <u>208,021</u>

Nine SBA 504 loans, totaling \$7,437,000, have been approved for disbursement as of June 30, 2020, but no funds have been drawn down on these loans.

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.

E.C.I.A Business Growth, Inc.
Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
June 30, 2020

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 \$413,858 as of June 30, 2020. The USDA award is a loan and 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:

June 30,	Principal	Interest	Total
2021	\$ 27,708	\$ 4,130	\$ 31,838
2022	27,959	3,879	31,838
2023	28,239	3,599	31,838
2024	28,523	3,315	31,838
2025	28,809	3,029	31,838
2026-2030	148,447	10,741	159,188
2031-2034	124,173	3,134	127,307
	<u>\$ 413,858</u>	<u>\$ 31,827</u>	<u>\$ 445,685</u>

In April of 2020, E.C.I.A. Business Growth, Inc. received approval for funding for two revolving loan programs from Dubuque Initiatives, the first one for businesses affected by the Covid-19 pandemic, in the amount of \$2,000,000, allowing for loans up to \$10,000 for qualifying businesses. As of June 30, 2020, \$500,000 had been drawn down on this funding, which is recorded as a liability on the books of E.C.I.A. Business Growth, Inc. A corresponding asset for loans receivable funded by this revolving loan fund totaling \$480,000 is recorded as notes receivable.

Dubuque Initiatives also funded a \$100,000 revolving loan program to assist business negatively impacted by City construction projects in a targeted downtown area. A maximum \$25,000 per business loan is allowed. None of these funds were loaned out before June 30, 2020.

In July 2020, Dubuque County provided \$200,000 to E.C.I.A. Business Growth, Inc., to establish a revolving loan fund to businesses severely impacted by the Covid-19 pandemic. This program allows for up to \$10,000 loans to businesses located in Dubuque County, but outside the City of Dubuque.

All three of the above loan programs, totaling \$800,000 are recorded as long-term liabilities on the books of E.C.I.A. Business Growth, Inc.

E.C.I.A Business Growth, Inc.
 Dubuque, Iowa
NOTES TO FINANCIAL STATEMENTS - CONTINUED
 June 30, 2020

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

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, 2020, 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.

	Federal	State	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

NOTE K - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation has financial assets of \$99,997 as of June 30, 2020, consisting entirely of its unrestricted cash and cash equivalents of \$90,200 and accounts receivable-other of \$9,797 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 L - 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

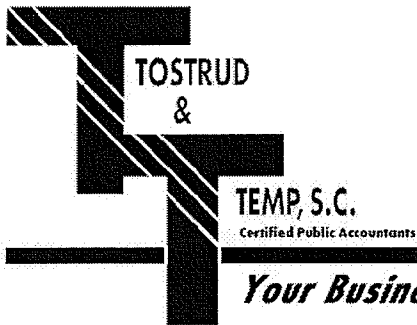
E.C.I.A. Business Growth, Inc.
Dubuque, Iowa
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the year ended June 30, 2020

	CFDA Number	Award Number	Federal Expenditures	Loans Outstanding
United States				
Department of Commerce				
Passed through East Central Intergovernmental Association Economic Development Administration (EDA) Revolving Loan Fund Grant				
	11.307	05-57-02195	\$ 1,676,244	\$ 1,196,682
 United States				
Department of Energy				
Passed through City of Dubuque Energy Efficiency and Generation Block Grants - Formula				
	81.128	N/A	127,135	55,965
 United States				
Department of Agriculture				
Direct Rural Business Cooperative Service Intermediary Relending Program				
	10.767	N/A	441,270	413,858
Totals			\$ 2,244,649	\$ 1,666,505

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 balance is \$413,857 at June 30, 2020.
- 5) The formula used to determine federal expenditures for 11.307 & 81.128 is as follows:

	Outstanding Loans	Cash	Loan Write Offs	Administrativ e Expenses	Total
EDA Revolving Loan Grant	\$ 1,196,682	\$ 837,024	\$ -	\$ 201,286	\$ 2,234,992
Energy Efficiency Block Grant	55,965	61,756	-	9,414	127,135
		Federal %	Total Expense	Federal Expense	
EDA Revolving Loan Grant		75%	2,234,992	\$ 1,676,244	
Energy Efficiency Block Grant		100%	127,135	127,135	



609 S. 4th Street, Suite B
La Crosse, WI 54601
Phone: 608-784-8060
Fax: 608-784-8167

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, 2020, 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 26, 2020.

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

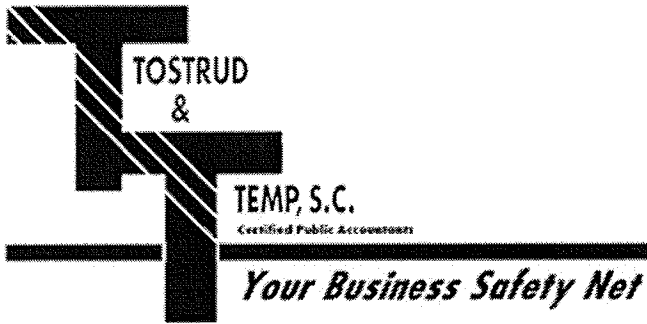
As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Trostred + Temp, S.C.

October 26, 2020



609 S. 4th Street, Suite B
La Crosse, WI 54601
Phone: 608-784-8060
Fax: 608-784-8167

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 Corporation's major federal programs for the year ended June 30, 2020. 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 Corporation'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 Corporation'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, 2020.

Report on Internal Control Over Compliance

Management of the Corporation 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 Corporation'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.

Tostlund + Temp, S.C.

October 26, 2020

E.C.I.A. Business Growth, Inc.
 Dubuque, Iowa
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2020

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 no

Noncompliance material to the financial statements? yes no

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

<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? 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.