

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT

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

June 30, 2009

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**TOSTRUD**  
&

**TEMP, S.C.**  
Certified Public Accountants

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**

Board of Directors  
E.C.I.A. Business Growth, Inc.  
Dubuque, Iowa 54896

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, 2009, and the related statements of activities, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Corporation's June 30, 2008 financial statements and, in our report dated November 2, 2008 we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of E.C.I.A. Business Growth, Inc. as of June 30, 2009, and the changes in its net assets and in its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of E.C.I.A. Business Growth, Inc. taken as a whole. The supplemental information included in the schedule of expenditures of federal awards, required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Corporations, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated November 2, 2009 on our consideration of E.C.I.A. Business Growth, Inc.'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, not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

*Foster & Teays, S.C.*

November 2, 2009

E.C.I.A. Business Growth, Inc.  
Dubuque, Iowa  
**STATEMENT OF FINANCIAL POSITION**  
June 30, 2009  
(With comparative totals as of June 30, 2008)

ASSETS	Unrestricted	Permanently Restricted	Totals (Memorandum Only)	
	2009	2008	2009	2008
<b>CURRENT ASSETS</b>				
Cash				
Checking	\$ 45,658	\$ -	\$ 45,658	\$ 38,272
Savings	61,799	687,246	749,045	426,142
	107,457	687,246	794,703	464,414
Receivables				
Other	8,171	-	8,171	18,556
Interest	860	698	1,558	1,623
Notes receivable - current portion	-	434,178	434,178	428,587
	9,031	434,876	443,907	448,766
Total current assets	116,488	1,122,122	1,238,610	913,180
<b>NONCURRENT ASSETS</b>				
Notes receivable less allowance for loan losses of \$160,000, less current portion	-	1,122,863	1,122,863	1,502,855
Total assets	\$ 116,488	\$ 2,244,985	\$ 2,361,473	\$ 2,416,035
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Current liabilities				
Current maturities of long-term debt	\$ -	\$ 24,975	\$ 24,975	\$ 24,581
Accounts payable	20,193	615	20,808	42,932
Deferred revenue - unearned service fees	6,467	-	6,467	-
Total current liabilities	26,660	25,590	52,250	67,513
Long-term debt, less current maturities	-	676,301	676,301	701,077
<b>NET ASSETS</b>				
Unrestricted	89,828	-	89,828	160,459
Permanently restricted	-	1,543,094	1,543,094	1,486,986
Total net assets	89,828	1,543,094	1,632,922	1,647,445
Total liabilities and net assets	\$ 116,488	\$ 2,244,985	\$ 2,361,473	\$ 2,416,035

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, 2009

(With comparative totals for the year ended June 30, 2008)

	Unrestricted	Permanently Restricted	Totals (Memorandum Only)	
			2009	2008
<b>REVENUES</b>				
Interest				
RLF loans	\$ 23,886	\$ 23,886	\$ 47,772	\$ 47,446
RLF deposits	5,063	5,063	10,126	11,494
RLF-IRP deposits	3,281	3,282	6,563	15,548
RLF-IRP loans	18,254	18,254	36,508	31,407
SBA loans	6,755	-	6,755	17,808
Other	4,040	-	4,040	7,590
Total interest	<u>61,279</u>	<u>50,485</u>	<u>111,764</u>	<u>131,293</u>
Service fees				
SBA loans	98,261	-	98,261	102,062
Other	13,500	-	13,500	13,500
Total service fees	<u>111,761</u>	<u>-</u>	<u>111,761</u>	<u>115,562</u>
Processing fees				
SBA loans	2,498	-	2,498	9,790
RLF loans	3,594	-	3,594	11,094
Total processing fees	<u>6,092</u>	<u>-</u>	<u>6,092</u>	<u>20,884</u>
Loan closing fees				
SBA loans	14,006	-	14,006	28,736
RLF loans	3,125	-	3,125	19,394
Total loan closing fees	<u>17,131</u>	<u>-</u>	<u>17,131</u>	<u>48,130</u>
Local government grants	<u>-</u>	<u>12,858</u>	<u>12,858</u>	<u>12,858</u>
Total revenue	<u>196,263</u>	<u>63,343</u>	<u>259,606</u>	<u>328,727</u>
<b>EXPENSES</b>				
Administrative expense	242,581	-	242,581	260,097
Filing fees	1,089	-	1,089	1,778
Legal fees	5,838	-	5,838	14,390
Abstract fees	993	-	993	3,627
Business expense	3,150	-	3,150	2,810
Insurance expense	2,037	-	2,037	-
Bad debt expense	407	-	407	-
Credit verification expense	186	-	186	288
Miscellaneous expense	10,613	-	10,613	-
Total expenses	<u>266,894</u>	<u>-</u>	<u>266,894</u>	<u>282,990</u>
Operating revenue	(70,631)	63,343	(7,288)	45,737
<b>NON-OPERATING EXPENSES</b>				
Interest expense	<u>-</u>	<u>(7,235)</u>	<u>(7,235)</u>	<u>(7,595)</u>
Increase (decrease) in net assets	<u>\$ (70,631)</u>	<u>\$ 56,108</u>	<u>\$ (14,523)</u>	<u>\$ 38,142</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, 2009

(With comparative totals for the year ended June 30, 2008)

	<u>Unrestricted</u>	<u>Permanently Restricted</u>	<u>Totals (Memorandum Only)</u>	
			<u>2009</u>	<u>2008</u>
Net assets at beginning of year	\$ 160,459	\$ 1,486,986	\$ 1,647,445	\$ 1,609,303
Current year increase (decrease) in net assets	<u>(70,631)</u>	<u>56,108</u>	<u>(14,523)</u>	<u>38,142</u>
Net assets at end of year	<u>\$ 89,828</u>	<u>\$ 1,543,094</u>	<u>\$ 1,632,922</u>	<u>\$ 1,647,445</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, 2009  
(With comparative totals for the year ended June 30, 2008)

	Increase (decrease) in cash and equivalents		Totals	
	Unrestricted	Permanently Restricted	(Memorandum Only)	
			2009	2008
Cash flows provided by (used in)				
operating activities				
Increase (decrease) in				
net assets	\$ (70,631)	\$ 63,343	\$ (7,288)	\$ 45,737
Adjustments to reconcile				
changes in net assets to net				
cash provided by (used in)				
operating activities				
Decrease (increase) in				
receivables	10,560	(110)	10,450	(6,331)
Increase (decrease) in				
accounts payable	(21,904)	(220)	(22,124)	7,765
Increase (decrease) in				
deferred revenue	6,467	-	6,467	(303)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided by				
(used in) operating				
activities	(75,508)	63,013	(12,495)	46,868
Cash flows from financing activities				
Payments on long-term debt	-	(24,382)	(24,382)	(24,194)
Collections on notes receivable	-	374,401	374,401	315,465
Interest expense	-	(7,235)	(7,235)	(7,595)
Issuance of new loans	-	-	-	(717,992)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided by				
(used in) financing				
activities	-	342,784	342,784	(434,316)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net increase (decrease) in cash	(75,508)	405,797	330,289	(387,448)
Cash and equivalents at beginning				
of year	<u>182,965</u>	<u>281,449</u>	<u>464,414</u>	<u>851,862</u>
Cash and equivalents at end				
of year	<u>\$ 107,457</u>	<u>687,246</u>	<u>\$ 794,703</u>	<u>\$ 464,414</u>

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, 2009

**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 cities 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 five-county region.

**2. 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.

**3. 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.

**4. 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.

**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 income taxes.

E.C.I.A. Business Growth, Inc.  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

**NOTE C - CASH AND INVESTMENTS**

The Corporation maintains cash balances at one financial institution located in the Dubuque area. The Federal Deposit Insurance Corporation insures interest bearing and non-interest bearing accounts at each institution up to \$250,000. At June 30, 2009, the Corporation had no deposits in excess of FDIC amounts that were not collateralized at the bank. There may have been uninsured balances during the fiscal year ended June 30, 2009. 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 approved by the Federal Highway Administration. During the year ended June 30, 2009, E.C.I.A. Business Growth, Inc. paid E.C.I.A. \$242,581 for such services. At June 30, 2009, E.C.I.A. Business Growth, Inc. was indebted to the East Central Intergovernmental Association \$19,172 for such services.

**NOTE E - RESTRICTED FUNDS**

Net assets of the restricted fund at June 30, 2009 consist of the following:

Source of Funds

Local grants	\$	200
Local contributed capital		350,000
EDA grant		675,000
Cumulative results of operation		<u>517,894</u>
Total	\$	<u><u>1,543,094</u></u>

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

Loans 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

E.C.I.A. Business Growth, Inc.  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

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

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, 2009:

Debtor	Terms	Balance
Mi-T-M Corpora- tion	The note, dated April 16, 2003, is due April 15, 2010 with principal and interest payments of \$1,749.61 due the 15th of each month and bears interest of 4% per annum. The note is secured by a blanket Uniform Commercial Code lien 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 subject only to a prior lien held by US Bank, plus the written guarantee of Albert J. Spiegel.	\$ 17,180
Plastic Products Company, Inc.	The note, dated July 22, 2002, is due July 22, 2009 with principal and interest payments of \$3,084.33 due the 22nd day of the first month of each quarter and bears interest of 4% per annum. The note is secured by a first Uniform Commercial Code Security Interest lien on all purchase money equipment and a second UCC Security interest lien on machinery and equipment now owned and hereafter in Iowa, subject only to a prior lien held by Wells Fargo Bank.	3,054
Nu-World Amaranth, Inc.	The note, dated July 31, 2004 was due June 30, 2009 with principal and interest payments of \$2,762.48 due the 30 <sup>th</sup> day of each month and bears interest of 4% per annum. The note is secured by a first UCC Security Interest in specific equipment located in Iowa, a mortgage on current building in Earlville, and a second position Blanket UCC Security interest on machinery and equipment (excluding automotive) located in Iowa, both shared on a pro rata basis with the Iowa Department of Economic Development, subject to prior liens by their conventional lender, plus personal guarantees of Larry A. and Diane E. Walters, Susan D. Walters-Flood, Terry Walters, and James M. Behling and assignment of life insurance in the amount of \$150,000 on the life of Susan Walters-Flood.	21,772

E.C.I.A. Business Growth, Inc.  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

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

Debtor	Terms	Balance
Dubuque Stamping & Mfg, Inc.	The note, dated June 3, 2004 is due June 3, 2011 with principal and interest payments of \$2,050.32 due the 3 <sup>rd</sup> day of each month and bears interest of 4% per annum. The note is secured by a first UCC Security Interest on certain purchase money equipment and a second UCC Security Interest lien 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 subject only to a prior lien held by Dubuque Bank & Trust Company, plus written personal guarantees of David W. Spahn and Larry H. Richey.	\$ 47,215
All-Systems, Inc.	The note, dated April 1, 2004 is due March 30, 2011 with interest only payments of \$833.33 for the first year and interest and principal payments of \$3,911.30 due monthly thereafter bearing interest of 4% per annum. The note is secured by a UCC lien 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 subject only to a prior lien held by American Trust & Savings Bank, plus personal guarantees of Daryl L. and Sandra K. Klein, mortgages on the Dubuque County real estate owned by same and assignments of real estate contract on said real estate, assignment of leases and an assignment of life insurance on Daryl L. Klein.	225,087
Kendrick, Inc.	The note, dated June 30, 2004, is due June 30, 2011 with interest and principal payments of \$2,562.90 due monthly beginning July 30, 2005 and each month thereafter bearing interest of 4% per annum. The note is secured by a UCC lien on all accounts receivable, contract rights, general intangibles, and proceeds arising therefrom; inventory, furniture, fixtures, machinery and equipment now owned and hereafter acquired subject only to a prior lien held by Cedar Rapids Bank & Trust, and a purchase money UCC lien, UCC finance statement, plus personal guarantees of Timothy F. and Rhonda L. Kendrick.	59,019

E.C.I.A. Business Growth, Inc.  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

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

Debtor	Terms	Balance
Rock Hard Concrete Recycling, Inc. and Crushseven, LLC	The note, dated June 30, 2004 and amended July 26, 2007, is due July 26, 2014 with interest and principal payments of \$2,562.90 beginning July 30, 2004 and each month thereafter bearing interest of 4% per annum. The note is secured by a UCC lien 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 subject only to a prior lien held by Hills Bank & Trust Co., and a purchase money UCC lien, UCC finance statement, plus personal guarantees of Kent L. Stuart, Bruce H. Barnhart, William J. Simon, Steven P. Brown, Dean A. Pederson and Zachary A. Pederson.	\$ 145,418
The Egging Co.	The note, dated February 1, 2005, is due February 1, 2012 with interest and principal payments of \$1,366.88 beginning March 1, 2005 and each month thereafter bearing interest of 4% per annum. The note is secured by a UCC lien on all purchased money equipment and the personal guarantee of Louis T. Egging.	41,423
Henderson Manufacturing, Inc.	The note, dated March 30, 2005, is due June 30, 2012 with interest and principal payments of \$2,467.47 beginning June 30, 2005 and each quarter thereafter bearing interest of 4% per annum. The note is secured by a UCC lien on all purchased money equipment and a personal guarantee of Randall L. Smedstad, Mark S. Hollinrake, and Mart E. Ward.	25,582
Maquoketa Newspapers, Inc.	The note, dated February 11, 2005, is due March 11, 2012 with interest and principal payments of \$2,606.28 beginning March 11, 2005 and each month thereafter bearing interest of 4.5% per annum. The note is secured by 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, and personal guarantees of John S. Melvold, Mary McAllister, Robert B. Melvold, Beth A. Melvold and Douglas D. Melvold.	78,453

E.C.I.A. Business Growth, Inc.  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

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

Debtor	Terms	Balance
Eagle Tool Company, Inc.	The note, dated July 28, 2005 and amended January 9, 2008, is due January 9, 2015 with interest and principal payments of \$2,198.41 beginning February 9, 2008 and each month thereafter bearing interest of 4.5% per annum. The note is secured by 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, and personal guarantees of Mark J. Brown and Georgia J. Brown.	\$ 126,604
Eagle Tool Company, Inc.	The note, dated July 28, 2005, is due July 28, 2012 with interest and principal payments of \$2,606.28 beginning August 28, 2005 and each month thereafter bearing interest of 4.5% per annum. The note is secured by 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, and personal guarantees of Mark J. Brown and Georgia J. Brown.	104,574
Kalot Industries, Inc.	The note, dated May 10, 2006, is due May 10, 2013 with interest and principal payments of \$2,606.28 beginning June 10, 2006 and each month thereafter bearing interest of 4.5% per annum. The note is secured by Loan Agreement, a blanket Uniform Commercial Code Security Interest on all accounts receivable, contract rights, general intangibles, and proceeds arising there from; inventory, furniture, machinery and equipment; personal guarantees of Loyal and Karen Tullius and Kalot Properties, LLC.	112,115
Carlisle Ryan Digital Services, Inc.	The note, dated October 13, 2005, is due October 21, 2012 with interest and principal payments of \$2,488.13 beginning November 21, 2005 and each month thereafter bearing interest of 4.5% per annum. The note is secured by a UCC lien on all purchase money equipment, and personal guarantees of John A. Carlisle, William T. Carlisle, Julie A Carlisle-Kane, Maribeth Carlisle Golus, Joseph M Ryan and Carlisle Investments, Inc.	92,260

E.C.I.A. Business Growth, Inc.  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

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

Debtor	Terms	Balance
Theisen Supply, Inc.	The note, dated October 3, 2006, is due October 4, 2013 with interest and principal payments of \$2,126.72 beginning November 4, 2006 and each month thereafter bearing interest of 4.5% per annum. The note is secured by a UCC lien on all purchase money equipment, a blanket UCC interest on all equipment in Iowa, subject to existing liens of Dubuque Bank and Trust Company and the U.S. Small Business Administration, and subject to future financing to those entities, and a personal guarantee of Leo A. Theisen.	\$ 100,305
Air Control, Inc.	The note, dated October 19, 2006 and amended June 3, 2008, is due October 19, 2013 with interest and principal payments of \$2,299.94 beginning July 3, 2008 and each month thereafter bearing interest of 4.5% per annum. The note is secured by a UCC lien on all purchase money equipment, a blanket UCC interest on all equipment in Iowa, subject to existing liens of Clinton National Bank and U.S. Small Business Administration, and subject to future financing to those entities, and personal guarantees of Mary P. Connell, Joseph H. Witt and Ann E. Pittman.	108,474
Performance Fabrication, Inc.	The note, dated February 1, 2008, is due February 1, 2015 with interest and principal payments of \$2,644.09 beginning March 1, 2008 and each month thereafter bearing interest of 5.5% per annum. The note is secured by a UCC lien on all purchase money equipment, a blanket UCC interest on all equipment in Iowa, subject to existing liens of Premier Bank and personal guarantees of Christopher and Carrie Schreyer.	152,239
Cedar Poly, LLC	The note, dated December 17, 2007, is due December 17, 2014 with interest and principal payments of \$1,390.02 beginning January 17, 2008 and each month thereafter bearing interest of 4.5% per annum. The note is secured by a UCC lien on all purchase money equipment, a blanket UCC interest on all equipment in Iowa, subject to existing liens of Bridge Community Bank and U.S. Small Business Administration, and subject to future financing to those entities, and personal guarantees of Scott Rogers, Jeremy Rogers, and Dennis Rogers.	81,136

E.C.I.A. Business Growth, Inc.  
Dubuque, Iowa  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
June 30, 2009

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

Debtor	Terms	Balance
QCA Spas, Inc.	The note, dated June 19, 2008, is due June 19, 2015 with interest and principal payments of \$2,780.03 beginning July 19, 2008 and each month thereafter bearing interest of 4.5% per annum. The note is secured by a UCC lien on all purchase money equipment, a blanket UCC interest on all equipment in Iowa, subject to existing liens of Wells Fargo Bank National Association, a mortgage to E.C.I.A. Business Growth, Inc. and an existing mortgage on the real estate of K & V Enterprises, LLC to Wells Fargo Bank National Association, and personal guarantee of Keith and Vicki Hall.	\$ 175,131
	Total revolving loan fund notes receivable	1,717,041
	Less current maturities	434,178
	Less allowance for loan losses	<u>160,000</u>
	Total long-term notes receivable	<u>\$ 1,122,863</u>

Following is a schedule of maturities for notes receivable held at June 30, 2009:

<u>June 30,</u>	
2010	\$ 434,178
2011	395,064
2012	337,885
2013	267,027
2014	194,986
2015	<u>87,901</u>
	<u>\$ 1,717,041</u>

NOTE G - COMPARATIVE DATA

The financial information for the year ended June 30, 2008, 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 that June 30, 2008 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, 2009

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 503/504, CDBG, CEBA, the City of Camanche, Jackson County RLF and Dubuque County Intermediary Relending loan programs. As of June 30, 2009, the Corporation has assisted businesses to obtain the following loans:

	Number of Loans	Original Principal Balance	Current Outstanding Balance
503 loans	1	\$ 139,000	\$ 22,312
504 loans	46	20,071,000	16,441,011
Total	<u>47</u>	<u>\$ 20,210,000</u>	<u>\$ 16,463,323</u>
Jackson County Revolving Loan Fund Program	<u>8</u>	<u>\$ 1,622,000</u>	<u>\$ 783,949</u>
CEBA Loan Program	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Camanche Loan Program	<u>0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Dubuque County Interme- diary Relending Program	<u>4</u>	<u>\$ 975,000</u>	<u>\$ 730,859</u>

As of June 30, 2009, eleven loans totaling \$4,138,300 have been approved under the SBA 504 loan program, but no funds have been disbursed 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.

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, 2009

**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 application to establish a five-county regional revolving loan fund was approved. The 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 \$937,500. The full award of \$750,000 was received and the balance of the loan is \$701,276 as of June 30, 2009. 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 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.

Principal and interest maturities are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 24,975	\$ 6,862	\$ 31,837
2011	25,043	6,794	31,837
2012	25,295	6,542	31,837
2013	25,549	6,288	31,837
2014	25,806	6,031	31,837
2015-2019	132,970	26,215	159,185
2020-2024	139,785	19,400	159,185
2025-2029	146,949	12,236	159,185
2030-2034	154,904	4,717	159,621
Totals	<u>\$ 701,276</u>	<u>\$ 95,085</u>	<u>\$ 796,361</u>

**NOTE J - RECAPITALIZATION OF EDA REVOLVING LOAN FUND**

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 is required to match with cash contributions of \$150,000 for a total recapitalization of \$650,000. As of June 30, 2009, no funds have been drawn down on the \$500,000 award and no matching contribution have been made.

**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, 2009

	<u>CFDA Number</u>	<u>Program Type</u>	<u>Grant Number</u>	<u>Program Disburse- ments</u>	<u>Loans Outstanding</u>
<b>United States</b>					
Department of Commerce					
Direct Program					
Economic Development					
Administration					
Revolving Loan					
Fund Grant					
	11.307	Major	05-39- 2195.01	\$ -	\$ 961,195
<b>United States</b>					
Department of Agriculture					
Rural Business					
Cooperative Service					
Intermediary					
Relending Program					
	10.767	Non- Major	N/A	-	755,846
Totals				\$ -	\$ 1,717,041

**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) Original federal funds have been drawn down in total from both the United States Department of Commerce and the United States Department of Agriculture. Program disbursements above are from recycled funds only.

**TOSTRUD  
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**TEMP, S.C.**  
Certified Public Accountants

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

***Your Business Safety Net***

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING 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 the financial statements of E.C.I.A. Business Growth, Inc. as of and for the year ended June 30, 2009, and have issued our report thereon dated November 2, 2009. 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 of material misstatement.

**Internal Control Over Financial Reporting**

The management of the Corporation is responsible for establishing and maintaining effective internal control. In planning and performing our audit of the financial statements and compliance, we considered the Corporation's internal control over compliance with requirements that could have a direct and material effect on its compliance with certain provisions of laws, regulations, contracts and grants, 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 over financial reporting and internal control over compliance.

Our consideration of internal control over financial reporting and internal control over compliance was for the limited purpose described in the preceding paragraph and could not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

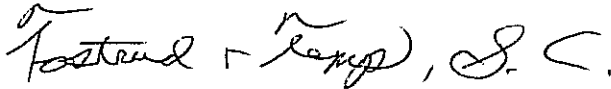
A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect on a timely basis misstatements or noncompliance with applicable requirements with certain provisions of laws, regulations, contracts and grants. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We did not consider any of the significant deficiencies described above to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of 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.

This report is intended for the information of the board, management and federal and state awarding agencies. However, this report is a matter of public record and its distribution is not limited.

 T. J. Fostend

November 2, 2009

**TOSTRUD**  
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**TEMP, S.C.**  
Certified Public Accountants

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

***Your Business Safety Net***

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
MAJOR PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of E.C.I.A. Business Growth, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2009. E.C.I.A. Business Growth, Inc.'s major federal program is identified in the Schedule of Federal Financial Assistance. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of E.C.I.A. Business Growth, Inc.'s management. Our responsibility is to express an opinion on E.C.I.A. Business Growth, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Corporations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about E.C.I.A. Business Growth, Inc.'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. Our audit does not provide a legal determination on E.C.I.A. Business Growth, Inc.'s compliance with those requirements.

In our opinion, E.C.I.A. Business Growth, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

## Internal Control Over Compliance

The management of E.C.I.A. Business Growth, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered E.C.I.A. Business Growth, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 entity's internal control over compliance.

A *control deficiency* in an entity's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Fostered + Temp, S. C.*

November 2, 2009

E.C.I.A. Business Growth, Inc.  
 Dubuque, Iowa  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year ended June 30, 2009

**Section I - Summary of Auditor's Results**

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:  
 Significant deficiency(ies) 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 financial reporting:  
 Significant deficiency(ies) identified?  yes  no  
 Significant deficiency(ies) identified  
 considered to be material weaknesses?  yes  no

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

Any audit findings disclosed that are required  
 to be reported in accordance with Circular  
 A-133 Section .510(1)?  yes  no

Identification of major federal program:

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

Dollar threshold used to distinguish  
 between Type A and Type B programs \$300,000

Auditee qualified as a low-risk auditee?  yes  no

**Section II - Current Year Audit Findings**

There are no current year audit findings.

**Section III - Prior Year Audit Findings**

There were no prior year audit findings.