

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

**Financial Statements**

**June 30, 2025 and 2024**

**E.C.I.A. Business Growth, Inc.**  
**Table of Contents**

Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9
Supplemental Information	
Schedule of Expenditures of Federal Awards	17
Notes to the Schedule of Expenditures of Federal Awards	18
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 <i>Government Auditing Standards</i>	19
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	21
Schedule of Findings and Questioned Costs	24



## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the financial statements of E.C.I.A. Business Growth, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2025 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Other Matters***

The financial statements of the Organization for the year ended June 30, 2024, before the restatement described in Note 11, were audited by another auditor whose report dated October 31, 2024, expressed an unmodified opinion on those statements.

As part of our audit of the June 30, 2025 financial statements, we also audited the adjustments described in Note 11 that were applied to restate the 2024 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2024 financial statements as a whole.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming 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 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 schedule of expenditures of federal awards 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 February 27, 2026, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*BerganKDV, Ltd.*

Minneapolis Minnesota  
February 27, 2026

**E.C.I.A. Business Growth, Inc.**  
**Statements of Financial Position**  
**As of June 30, 2025 and 2024**

	2025	2024
<b>Assets</b>		
Cash and cash equivalents	\$ 80,558	\$ 29,484
Restricted cash and cash equivalents	1,285,803	1,670,579
Loans receivable, net of allowance for credit losses of \$162,793 for 2025 and \$227,300 for 2024	3,420,443	2,948,549
Interest receivable	15,069	844
Other receivable	12,964	14,627
Pass through receivables	-	98,418
	<b>\$ 4,814,837</b>	<b>\$ 4,762,501</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 14,466	\$ 43,390
Interest payable	3,323	339
Due to related party	51,786	-
Unearned revenue	7,460	7,460
Pass through payables	-	118,222
USDA note payable	301,413	301,413
Total liabilities	<b>378,448</b>	<b>470,824</b>
<b>Net assets</b>		
Without donor restrictions	2,172,169	2,027,457
With donor restrictions	2,264,220	2,264,220
Total net assets	<b>4,436,389</b>	<b>4,291,677</b>
Total liabilities and net assets	<b>\$ 4,814,837</b>	<b>\$ 4,762,501</b>

See notes to financial statements.

**E.C.I.A. Business Growth, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues</b>			
Interest	\$ 159,824	\$ -	\$ 159,824
Service fees	108,938	-	108,938
Processing fees	35,368	-	35,368
Loan closing fees	63,119	-	63,119
Total revenues	<u>367,249</u>	<u>-</u>	<u>367,249</u>
<b>Expenses</b>			
Program	170,733	-	170,733
Management and general	51,804	-	51,804
Total expenses	<u>222,537</u>	<u>-</u>	<u>222,537</u>
Change in net assets	144,712	-	144,712
Net assets, beginning of year	<u>2,027,457</u>	<u>2,264,220</u>	<u>4,291,677</u>
Net assets, end of year	<u><u>\$ 2,172,169</u></u>	<u><u>\$ 2,264,220</u></u>	<u><u>\$ 4,436,389</u></u>

**E.C.I.A. Business Growth, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Program revenue			
Interest	\$ 133,563	\$ -	\$ 133,563
Service fees	103,475	-	103,475
Processing fees	31,617	-	31,617
Loan closing fees	39,336	-	39,336
Released from restrictions	15,479	(15,479)	-
Total revenues	<u>323,470</u>	<u>(15,479)</u>	<u>307,991</u>
<b>Expenses</b>			
Program	272,672	-	272,672
Management and general	49,855	-	49,855
Total expenses	<u>322,527</u>	<u>-</u>	<u>322,527</u>
Change in net assets	943	(15,479)	(14,536)
Net assets, beginning of year (as restated)	<u>2,026,514</u>	<u>2,279,699</u>	<u>4,306,213</u>
Net assets, end of year	<u>\$ 2,027,457</u>	<u>\$ 2,264,220</u>	<u>\$ 4,291,677</u>

**E.C.I.A. Business Growth, Inc.**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2025 and 2024**

	<u>Program</u>	<u>Management and General</u>	<u>Total Expenses</u>
<b>June 30, 2025</b>			
Administrative	\$ 157,240	\$ 51,804	\$ 209,044
Filing fees	2,585	-	2,585
Legal fees	15,064	-	15,064
Abstract fees	1,541	-	1,541
Business	18,376	-	18,376
Credit verification	480	-	480
Grant match	25,000	-	25,000
Provision for credit losses	(57,040)	-	(57,040)
Interest	2,984	-	2,984
Miscellaneous	4,503	-	4,503
	<u>\$ 170,733</u>	<u>\$ 51,804</u>	<u>\$ 222,537</u>
<b>June 30, 2024</b>			
Administrative	\$ 146,378	\$ 49,855	\$ 196,233
Filing fees	912	-	912
Legal fees	12,842	-	12,842
Abstract fees	905	-	905
Business	20,349	-	20,349
Credit verification	473	-	473
Grant match	35,000	-	35,000
Contribution (loan forgiveness)	47,383	-	47,383
Provision for credit losses	1,215	-	1,215
Interest	3,285	-	3,285
Miscellaneous	3,930	-	3,930
	<u>\$ 272,672</u>	<u>\$ 49,855</u>	<u>\$ 322,527</u>

See notes to financial statements.

**E.C.I.A. Business Growth, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2025 and 2024**

	2025	2024
<b>Cash Flows - Operating Activities</b>		
Change in net assets	\$ 144,712	\$ (14,536)
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Provision for credit losses and writeoffs	(64,507)	-
Loans receivable forgiveness	-	48,597
Changes in operating assets and liabilities		
Interest receivable	(14,225)	(843)
Other receivables	1,663	(1,892)
Accounts payable	(28,924)	26,135
Interest payable	2,984	(113)
Due to related party	51,786	-
Unearned revenue	-	(8,050)
Pass-through activity	(19,804)	(15,091)
Net cash flows - operating activities	73,685	34,207
<b>Cash Flows - Investing Activities</b>		
Principal advanced on loans	(875,086)	-
Repayment of principal on loans	467,699	213,164
Net cash flows - investing activities	(407,387)	213,164
<b>Cash Flows - Financing Activities</b>		
Principal payments made on long-term debt	-	(28,439)
Net change in cash and cash equivalents	(333,702)	218,932
<b>Cash and Cash Equivalents</b>		
Beginning of year	1,700,063	1,481,131
End of year	\$ 1,366,361	\$ 1,700,063
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents	\$ 80,558	\$ 29,484
Restricted cash and cash equivalents	1,285,803	1,670,579
Total cash and cash equivalents	\$ 1,366,361	\$ 1,700,063
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid for interest	\$ -	\$ 3,398
<b>Noncash Investing and Financing Activities</b>		
Write-off for pass-through receivables and payables	\$ 98,418	\$ 78,655

See notes to financial statements.

**E.C.I.A. Business Growth, Inc.  
Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity and Nature of Business**

E.C.I.A. Business Growth, Inc. (the Organization) (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 used of revolving loan funds. The Organization makes available through these funds low interest loans to supplement bank financing for projects that maintain or increase jobs in the target area. The Organization also acts as an intermediary for loans between the Small Business Administration (SBA) and prospective small business borrowers in the same five-county region.

**Accounting 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.

**Cash Equivalents**

Cash equivalents include highly liquid investments, with original maturities of three months or less, that are recorded at cost plus accrued interest, which approximates fair value. As of June 30, 2025, the Organization had \$1,120,926 in accounts with Premier Bank that was allocated across various financial institutions via IntraFi Cash Service. Cash and cash equivalents related to revolving loan funds is reflected in restricted cash on the statement of financial position.

**Loans Receivable and Allowance for Expected Credit Losses**

Loans receivable is the result of the Organization extending loans to new or established local business owners. These loans are funded through the use of revolving loan funds and grants. Loan receivables are carried at the original contracted amount, less any subsequent payments, and are stated at the amount management expects to collect from outstanding balances. The Organization uses current and historical collectability as a basis to determine expected credit losses.

Although historical losses provide the basis for the estimation of expected credit losses, adjustments may be made for differences in current portfolio-specific risk characteristics, environmental conditions, or other relevant factors. Management considers available information, from internal and external sources, relevant to assessing collectability over the notes' contractual terms. No expectation of prepayments, extensions, renewals, or modifications exists. The allowance for credit losses is measured on a collective basis for portfolios of loans when similar risk characteristics exist. Loans that do not share risk characteristics are evaluated for expected credit losses on an individual basis and excluded from the collective evaluation. Although portions of the allowance may be allocated for specific notes, the entire allowance is available for any note that, in management's judgment, should be charged off. Receivables are written off when deemed uncollectible. The Organization accrues interest on late payments. The activity related to the allowance for expected credit losses is as follows:

	2025	2024
Allowance for expected credit losses, beginning of year	\$ 227,300	\$ 227,300
Current-period provision for expected credit losses	(57,040)	-
Write-offs charged to the allowance	(7,467)	-
	\$ 162,793	\$ 227,300

**E.C.I.A. Business Growth, Inc.**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets**

Net assets and revenues are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor restrictions. Based on availability, the governing board will designate, from net assets without donor restrictions, certain amounts for an operating reserve and lending capital.

*Net Assets With Donor Restrictions* - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Revenue Recognition**

The Organization administers an SBA loan program. The Organization is not the lender for the SBA loans, and no loans receivable are recorded. The Organization receives a closing fee of 1.5 percent of the loan balance for each SBA loan closed. Closing fees are recognized when an SBA loan is closed, and funds are disbursed. The Organization also receives servicing fees for SBA loans. Services are integrated as one performance obligation and include account monitoring, collection and distribution of payments, recordkeeping, and correspondence between borrowers and participants. Service fees are recorded as loan payments are due and are charged based on a percentage of interest collected. Loan origination fees and related costs are not considered significant for deferral.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Substantially all expenses are allocated on the basis of estimated time and effort.

**Income Taxes**

The Organization is exempt from income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code and are exempt from federal income taxes pursuant to Section 501(a) of the Code.

**Subsequent Events**

The Organization has evaluated subsequent events through February 27, 2026, the date on which the financial statements were available to be issued.

**E.C.I.A. Business Growth, Inc.**  
**Notes to Financial Statements**

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 80,558	\$ 29,483
Interest receivable	15,069	844
Other receivable	<u>12,964</u>	<u>14,627</u>
Total financial assets available within one year	<u>\$ 108,591</u>	<u>\$ 44,954</u>

**NOTE 3 - LOANS RECEIVABLE**

Loans receivable have the following maturities as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Due in:		
Less than one year	\$ 500,764	\$ 446,646
One to five years	1,547,531	1,345,797
More than five years	1,534,941	1,383,406
Less allowance for expected credit losses	<u>(162,793)</u>	<u>(227,300)</u>
Loans receivable, net of allowance for expected credit losses	<u>\$ 3,420,443</u>	<u>\$ 2,948,549</u>

As of June 30, 2025, approximately 13% of the loans receivable balance was due from one borrower.

**E.C.I.A. Business Growth, Inc.**  
**Notes to Financial Statements**

**NOTE 4 - PASS-THROUGH LOANS RECEIVABLE**

The Organization assists businesses within the service area in obtaining financing through various local loan programs. The Organization is contracted to collect the funds for these programs and remit all principal and interest back to the lender. These loans were all due no longer than five years after date of issuance. The following is a schedule of all pass-through loans receivable as of June 30, 2025 and 2024:

Pass-through loans receivable	Number of Loans	Original Principal Balance	2025	2024
Dubuque Initiative program	5	\$ 166,000	\$ -	\$ 68,972
Dubuque County Emergency loan program	19	190,000	-	29,446
Total pass-through loans receivable		<u>\$ 356,000</u>	<u>\$ -</u>	<u>\$ 98,418</u>

During 2025, the loans were determined to be uncollectible and were written off.

**NOTE 5 - PASS-THROUGH LOAN ACTIVITY**

The Organization assists businesses within the service area in obtaining financing through the SBA 504, CDBG, Jackson County RLF and Dubuque County Intermediary Relending loan programs. The Organization has assisted businesses to obtain the following loans that had loan activity during the years ended June 30, 2025 and 2024:

	Number of Loans	Original Principal Balance	Outstanding Balance	
			2025	2024
SBA 504 loans	56	\$ 35,580,000	\$ 20,074,611	\$ 17,062,712
Jackson County Revolving Loan Fund Program	14	\$ 2,773,742	\$ 1,625,009	\$ 1,900,040
Dubuque County Intermediary Relending Program	3	\$ 343,000	\$ 234,954	\$ 266,327

Under terms of the loan agreements, the Organization is paid a monthly service fee for handling and servicing these loans. The Organization has no liability in the event of a default by any of these borrowers.

Six SBA 504 loans totaling \$8,417,000 have been approved but are unfunded as of June 30, 2025.

**E.C.I.A. Business Growth, Inc.**  
**Notes to Financial Statements**

**NOTE 6 - LONG-TERM DEBT**

	<u>2025</u>	<u>2024</u>
<p>Note payable to the United States Department of Agriculture (USDA), dated May 19, 2004, due May 19, 2034, at 1% annum. Principal payments were initially deferred for a period of three years with annual interest payments required during the deferral period. Payable in annual installments of \$31,838, including interest, beginning May 2008 through May 2034, collateralized by its IRP Revolving Fund. The payment that was scheduled for May 2025 was made in August 2025.</p>	<p><u>\$ 301,413</u></p>	<p><u>\$ 301,413</u></p>

Maturities of long-term debt is as follows:

<u>Year ending June 30</u>	
2026	\$ 57,965
2027	29,403
2028	29,697
2029	29,994
2030	30,294
Thereafter	<u>124,060</u>
	<u>\$ 301,413</u>

**NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions at June 30, 2025 and 2024 consisted of the following:

<u>Source of Funds</u>	<u>2025</u>	<u>2024 (restated)</u>
Local grants	\$ 200	\$ 200
Local contributed capital	400,000	400,000
EDA loan fund grants	1,640,000	1,640,000
Energy efficiency loan fund grant	200,000	200,000
Other	<u>24,020</u>	<u>24,020</u>
Total	<u>\$ 2,264,220</u>	<u>\$ 2,264,220</u>

**E.C.I.A. Business Growth, Inc.**  
**Notes to Financial Statements**

**NOTE 8 - RELATED PARTY**

The Organization is related to the East Central Intergovernmental Association (ECIA) by virtue of its working agreement with ECIA. The Organization occupies office space, consumes operating supplies, and uses the management services of ECIA. The Organization is billed for such expenses through an indirect cost allocation plan. During the years ended June 30, 2025 and 2024, the Organization was billed \$209,044 and \$196,233, respectively, by ECIA for such services, including accounts payable of \$14,466 and \$39,229, respectively. In addition, the statement of financial position as of June 30, 2025 reflects a due to related party balance of \$51,786 related to cash held for the Brownfields revolving loan fund for which ECIA is the recipient and reflects the related loans on its financial statements.

**NOTE 9 - RISK MANAGEMENT**

The Organization 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.

**NOTE 10 - EDA REVOLVING LOAN FUND, EDA RECAPITALIZED REVOLVING LOAN FUND CONSOLIDATION AND EDA DEFEDERALIZATION OF FEDERAL INTEREST IN THE CAPITAL BASE**

In April 2009, the U.S. Department of Commerce Economic Development Administration (EDA) approved a \$500,000 investment to recapitalize the EDA revolving loan fund administered by the Organization. To obtain this funding, the Organization was required to match with cash contributions of \$150,000 for a total recapitalization of \$650,000. In April 2016, this loan program was consolidated with the original EDA revolving loan fund. As of June 30, 2025, all \$1,175,000 has been drawn down on the award and all \$400,000 of the required matching contributions have been received.

In December 2022, the EDA agreed to a release of the federal interest in the capital base of the financial assistance award 05-57-02195. The value of the capital base was \$2,033,353, which included \$1,516,881 in federal funds based on a 74.6% federal grant rate. The Organization has committed to using these funds for a revolving loan fund in accordance with EDA's Economic Adjustment Assistance program, as authorized by Section 209 of the Public Works and Economic Development Act of 1965, as amended (42 U.S.C. Section 3121 et seq.) (PWEDA). See Note 11 below for more information pertaining to the financial reporting of this capital base.

**NOTE 11 - RESTATEMENT OF BEGINNING NET ASSETS**

The Organization determined that amounts previously reported as net assets with donor restrictions related to the federal interest in the Organization's Revolving Loan Fund (RLF) were improperly classified in periods subsequent to the formal release of that federal interest. The RLF was capitalized with grant funding as described in Note 10 above. Under the terms of the original award and applicable federal regulations, the RLF capital base and related program income were subject to a federal interest and compliance requirements, including restrictions on use and disposition of the fund. As noted, the EDA formally approved the release of its federal interest in the RLF capital base in December 2022.

**E.C.I.A. Business Growth, Inc.**  
**Notes to Financial Statements**

**NOTE 11 - RESTATEMENT OF BEGINNING NET ASSETS (CONTINUED)**

Upon release, the RLF capital base was no longer subject to donor-imposed restrictions as defined in FASB ASC 958-210, as the federal government no longer retained a reversionary interest or enforceable restriction over the assets. Although the Organization continues to operate the RLF consistent with its mission and applicable program guidelines, the remaining capital base is no longer subject to donor restrictions for financial reporting purposes.

The Organization determined that \$2,033,353 previously reported within net assets with donor restrictions should have been reclassified to net assets without donor restrictions as of the date of release. Accordingly, the accompanying financial statements have been restated to reflect a reclassification of \$2,033,353 from net assets with donor restrictions to net assets without donor restrictions as of July 1, 2023 (the beginning of the earliest period presented).

This restatement had no impact on total net assets, total assets, total liabilities, changes in total net assets, or cash flows as previously reported. The correction affects only the classification of net assets within the statement of financial position and statement of activities.

The effect of the restatement on beginning net assets as of July 1, 2023 is summarized below:

Net Asset Classification	As Previously Reported	Adjustment	As Restated
Net assets without donor restrictions	\$ (6,839)	\$ 2,033,353	\$ 2,026,514
Net assets with donor restrictions	4,313,052	(2,033,353)	2,279,699
Total net assets	<u>\$ 4,306,213</u>	<u>\$ -</u>	<u>\$ 4,306,213</u>

The Organization evaluated the significance of this error in accordance with FASB ASC 250, *Accounting Changes and Error Corrections*, and concluded that correction through restatement of beginning net assets enhances comparability and proper presentation under U.S. GAAP.

## **SUPPLEMENTAL INFORMATION**

**E.C.I.A. Business Growth, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2025**

<u>Federal Grantor/Pass-Through Grantor/ Program Title or Cluster</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Expenditures</u>
<b>U.S. Department of Commerce</b>			
Passed through ECIA			
Economic Adjustment Assistance	11.307	05-7906001	\$ 2,073,953
<b>U.S. Department of Agriculture</b>			
Rural Business Cooperative Service			
Intermediary Relending Program	10.767		<u>301,413</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,375,366</u></u>

As required by the relevant OMB guidance, the calculations to compute the federal share of the Economic Adjustment Assistance Program (ALN 11.307) is presented below for the year ended June 30, 2025:

	<u>ALN 11.307</u>
Balance of principal outstanding on loans	\$ 1,952,122
End of year program cash on hand	100,424
Administrative expenses paid using award funds	<u>21,407</u>
	\$ 2,073,953
Federal share	<u>100%</u>
Total program expenditures	<u><u>\$ 2,073,953</u></u>

**E.C.I.A. Business Growth, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2025**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Organization under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting which conform to accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3 - INDIRECT COST RATE**

The Organization has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 4 - LOAN PROGRAM**

The Organization received funding from the USDA under the intermediary relending program. The loan balance outstanding as of June 30, 2025 is \$301,413.



**Independent Auditor's Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

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

We have audited, 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, the financial statements of E.C.I.A. Business Growth, Inc., which comprise the statement of financial position as of June 30, 2025, 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 February 27, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered E.C.I.A. Business Growth, Inc.'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 E.C.I.A. Business Growth, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of E.C.I.A. Business Growth, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether E.C.I.A. Business Growth, Inc.'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*.

## **E.C.I.A. Business Growth, Inc.'s Response to the Finding**

*Government Auditing Standards* requires the auditor to perform certain limited procedures on E.C.I.A. Business Growth, Inc.'s response to the finding identified in our audit that is described in the accompanying schedule of findings and questioned costs. E.C.I.A. Business Growth, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BerganKDV, Ltd.

Minneapolis, Minnesota  
February 27, 2026



## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance**

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

### **Report on Compliance for Each Major Federal Program**

#### **Opinion on Each Major Federal Program**

We have audited 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 E.C.I.A. Business Growth, Inc.'s major federal program for the year ended June 30, 2025. E.C.I.A. Business Growth, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, E.C.I.A. Business Growth, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

#### **Basis for Opinion on Each Major Federal Program**

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

We are required to be independent of E.C.I.A. Business Growth, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of E.C.I.A. Business Growth, Inc.'s compliance with the compliance requirements referred to above.

#### **Responsibilities of Management for Compliance**

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding E.C.I.A. Business Growth, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of E.C.I.A. Business Growth, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of E.C.I.A. Business Growth, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

## **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a 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 attention by those charged with governance.

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

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

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

*BerganKDV, Ltd.*

Minneapolis, Minnesota  
February 27, 2026

**E.C.I.A. Business Growth, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2025**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with US GAAP Unmodified

- Internal control over financial reporting
- Material weakness(es) identified? Yes
  - Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

- Internal control over major federal programs
- Material weakness(es) identified? No
  - Significant deficiency(ies) identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

**Identification of Major Programs**

Assistance Listing No. 11.307  
 Name of Federal Program or Cluster Economic Adjustment Assistance

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

Auditee qualified as low-risk auditee? No

**E.C.I.A. Business Growth, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2025**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Finding 2025-001 - Material Weakness - Incorrect Presentation of Certain Loan Fund Activity and Restatement of Beginning Net Assets**

**Criteria**

U.S. GAAP requires a not-for-profit organization to recognize only those assets, liabilities, revenues, expenses, and net assets that it controls or for which it has a controlling financial interest. Amounts held as an administrator or fiscal agent for a legally separate entity should not be recognized unless the organization has discretion over their use and bears the risks and rewards of ownership.

Additionally, net assets must be classified based on the existence of donor-imposed restrictions. When a federal agency releases its continuing interest in revolving loan fund (RLF) capital, any related restricted net assets should be reclassified accordingly. Errors in net asset classification require restatement of beginning net assets.

**Condition**

The Organization recorded the Brownfields Revolving Loan Fund (RLF), including related loans, cash, revenues, and expenses, in its financial statements for the year ended June 30, 2025. However, the federal grant agreement identifies the East Central Intergovernmental Association as the legal recipient and owner of the RLF. The Organization's role is limited to administration. Accordingly, the RLF activity should not have been recognized. Audit adjustments were recorded to remove these balances and related activity.

We also identified that a separate RLF for which the federal awarding agency had released its continuing interest remained classified in net assets with donor restrictions in a prior year. Because the funds were no longer restricted, beginning net assets as of July 1, 2023 were misstated. The Organization recorded a restatement to reclassify the amount from net assets with donor restrictions to net assets without donor restrictions.

**Cause**

The Organization lacked a formal review process to evaluate controlling financial interest and to reassess net asset classifications upon changes in grant status or federal interest.

**Effect**

Loans receivable, cash, net assets, and grant revenue were materially overstated prior to audit adjustment. In addition, beginning net assets were misstated between restriction categories, though total net assets were not affected.

**Recommendation**

We recommend implementing formal year-end controls to (1) evaluate ownership and agency relationships for grant-funded programs and (2) annually reassess net asset classifications, including consideration of federal interest releases.

**Views of Responsible Officials**

Management agrees with the finding and has recorded the necessary adjustments and restatement. Procedures will be implemented to prevent recurrence.

**E.C.I.A. Business Growth, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2025**

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted.