

Iowa Center for Economic Success

Board of Directors Meeting
February 17, 2022



Iowa Center for Economic Success
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Contents

Agenda 3

Minutes from October, 2021..... 4

President’s Report..... 9

Direct Services Highlights 10

Financial Dashboard Notes..... 13

January 2022 13

Financial Dashboard – January 2022 14

Financial Dashboard—Cash Analysis 1/31/2022 15

Financial Dashboard – Revenue Detail 16

Iowa Center Loan Fund – Cash & Loans Analysis..... 17



Agenda

IOWA CENTER FOR ECONOMIC SUCCESS BOARD OF DIRECTORS MEETING

February 17, 2022 – 7:30 AM

- | | | |
|-------|---------------------------------------|-------------------------|
| I. | Welcome | Bill Wright |
| | a. Board Action | |
| | i. Minutes from December 2021 Meeting | |
| II. | The Iowa Center Values | Katie Hentges |
| III. | President’s Update | Megan Milligan |
| IV. | Programming Update | Katie Hentges |
| V. | FY21 Audit Vote | Board |
| VI. | FY21 990 Vote | Board |
| VII. | January 2022 Finance Report | Alex Polzin/Mari Bunney |
| VIII. | Open Discussion | Board |
| IX. | Adjourn | Bill Wright |

**After adjournment please plan to stay for an open house with the staff.

NEXT EXEC COMM MEETING – Thursday, March 17, 2022

NEXT BOARD MEETING – April 21, 2022 (3rd Thursday of every other month)



Minutes from October, 2021

IOWA CENTER FOR ECONOMIC SUCCESS BOARD OF DIRECTORS MEETING

MINUTES: October 21, 2021 – 7:30 AM

Zoom Virtual Meeting

Present: Present: Sems, Dave, Franklin, Mari, Jodi, Bill, Megan, Mark, China

Staff: Katie, Alex, Jose, Karla, TJ, Russ, Linda

7:32 am Bill Wright calls meeting to order. Welcomes everyone.

Motion

Motion to approve the October 2021 Board of Directors meeting minutes.

Mari Bunney motions to approve meeting minutes, Jodi Rhone seconds. All aye.

Bill: The October 2021 Board of Directors meeting minutes are approved.

Team Values

Karla Evans speaks on her favorite work value. She also speaks about the team we have in place.

Audit report

BerganKDV

Brian introduces himself and team.

Michelle: Clean opinion.

Refundable advance—COVID grants that weren't spent. So, there is a liability on the books for that. The PPP loan is still sitting as a liability—it was forgiven in November. Operating reserve is sitting at 3.5 months of expenses and the other is the Stanley Estate which the board is continuing to observe.

Those that have the operating reserves are the ones proven to be strong. It's important for you as an organization to have that and to explain to donors why you have it.

Statement of Activities: the PPP is related to the round 1 that was forgiven during the year. \$260,000 related to admin fees will go away as the change in the TSB contract.

Footnote 1: Consolidation with the loan fund and that the entities are nonprofits. They're two separate entities but they have the same control because it's essentially the same board.

Policy notes: we have a policy on the PPP program.

New: leases—this will put all of the leases on the balance sheet. Will be effective FY23. Enhance the disclosures it will be affected this next fiscal year.

Bill: so, you put the lease on both liability and asset?

Brian: in a straight-line rent period the liability and the asset (right to use asset—similar to property and equipment) should match. Tells the reader we have a liability on the books.

Subsequent footnote: we mentioned the previous PPP was forgiven.

Footnote PPP loans: you must keep documentation for 6 years, etc.

Supplementary info: it breaks out the separation between The Iowa Center and the Loan Fund.

Questions:

Management letter: our responsibilities of auditors, what the responsibility is of the board, etc. There was one adjustment to make around \$18,000 (differed revenue that was from the loan fund) it was recognized as revenue on this last fiscal year. We didn't run across any concerns.

Mark: is there anything you are seeing on the nonprofit side that we would need to know or connect with other groups, etc.

Brian: we like to be connectors—we like to make introductions to help others, etc.

990: there is a 990 for each entity. They're in process and should have it in the next week or so. We will get that draft to you soon. Prior to its filing. We did file an extension in November so they're not due until May.

President's Report

Megan Milligan, President + CEO

Megan thanks the audit committee for helping pick them out. Thanks Alex for leading the charge for the day-to-day work. And Katie for her participation in the audit. This board is the most engaged we have had—it is a testament to Bill and his leadership—and Franklin the help and support you have given and mentoring you have provided.

Values—this team that we have is because of all of us. We are all creating a place where we all want to work.

Staff Report

The Iowa Center Staff

Women's Business Center Update

Teleza Daniels

Teleza thanks Franklin for his presentation with The Story Of. We have worked with Tobi for a few years. I would like to put out an ask that if you have any ideas on another Story Of please reach out. We also have Small Biz Essentials—so I again invite you to let us know if you have a topic you would like to present. Financially Savvy—everything financials.

Iowa Center Loan Fund Update

Jose Venales

We are not certified yet, but we got our target market approved and our board approved. Waiting now for final approval. Usually, the Treasury doesn't call the applicants, but they called us and we were able to clarify some things. We were able to ask the analyst for the timing of this—they need to have something done by January. We are hoping for a Christmas present, but January will be the time for the decision.

The SBA application is in the final round of approval. It has passed the first two rounds. Jose goes over the cash/loan analysis. Client Success Story: xBk, they were an early recipient of WeLend loans. They overcame COVID and now they're in a better place and they were able to repay the loan early and gave a donation to give more funds to another business. That's such a cool thing—we want to see every loan we give creates stronger businesses.

Government Contract Compliance + Relations

Karla Evans

Part of my job is to make sure everyone meets their deadlines. We meet at least once a month—I set the deadlines ahead of time helps us to be a bit more prepared. VITA has been an interesting learning curve for me. We are getting ready for the 2022 tax season. We had three partner meetings on zoom. We had our DHS contact in office. We have worked really hard on this relationship. We have built a confident and strong relationship with her. We had our applications turned in early. We have 22 partners with 61 sites coming up. Last year we only had 42 sites. It's good to see we have an increase, and it will up our numbers, etc. We are refining our reporting forms with a lot of help from Russ. Reporting was overwhelming last year so we are trying to refine the reporting to what we need. I have visited 13 of the sites so far—what has come out of that is more than I had hoped for—the face-to-face meetings have provided the interactions that were missing. We have been able to talk and go through performance reports, streamlined reporting, and ideas for collaboration for future. I want to make sure all the partners follow the rules and I want to make their job as easy as possible and meeting them in person has made it easier to instill confidence.

Administration Support

Linda Salazar

I have been doing research on small businesses in Iowa. And now that we have the office opening in the Muscatine area so I am focusing on the Muscatine county. I work through different sites to get them on the spreadsheet. And I'm also preparing for our VITA site to open in February 2022.

Technology + Client Reporting

Russ Dale

In 2021 61% of the people we helped were already in business. Top 3 services: Start up assistance, capital, business planning. I have also helped improve the tax forms by doing some processing on the back end. The big project we have coming up is switching our loan origination system to Lenderfit and Salesforce--integrating everything together. Ongoing projects is IT security. Ongoing: current clients to be able to login and update their information—this will help our clients out. It should help us improve our data quality—we just have to make it secure.

Finance Report

Alex Polzin, Director of Finance + Admin
Mari Bunney, Treasurer

Alex walks through the financial dashboard notes.

Kauffman is contributing to a positive surplus. We are awaiting on the SBA for July-Sep for WBC funds and waiting to hear how we access the Cares money drawdown.

Cash: Leaves us with \$606,878.62 right around six months of operating.

Fundraising Update

Megan Milligan, President + CEO

Kauffman was a huge new donor. The existing donors we have a list of when we apply. Our annual fundraising goal is based on our current donors. That is the big thing and we will continue to schedule these meetings in the future. How do we make sure to continue to find new donors and how do we keep the first time donors giving again.

Franklin: what is the UW status?

Megan: we have an application to turn in next week. How do we make sure that people can access capital and access classes and coaching with some of the barriers they have in their lives? I think we have a strong application. Which would be \$50,000 addressing the inequity.

Questions?

Megan: This team is so efficient-and Jose coming in with banking experience and management experience has made it impressive. It is fast and so thorough and great.

Jose: We just need to find ways to minimize the struggle. Some ways we need to address is the software, updating the forms, etc.

Questions?

Franklin: What open positions do you have?

Megan: Explains the different positions that are open.

Dave: Asks about what will happen after the CDFI comes through.

Jose: Once it's official it gives us the status to do more fundraising with financial institutions. Then, in March the grant processes starts. We will apply for a grant for technical assistance—or loan capital. Those are the main two things we will be doing after certification.

Mari: Have we heard anything about the other groups that are going for the other groups going towards the CDFI.

Megan/Franklin: they're years away—they haven't even applied at this point. I don't see them getting it in the near future.

Franklin: I want to applaud Karla for going out and putting eyes on the clients. In this era of zoom there is no substitute of going face to face. You will learn way more in an informal conversation.

Open Discussion

None.

Motion

Motion to adjourn the December 2021 Board of Directors meeting.

Meeting adjourned at 8:30am.



President's Report

Megan Milligan

February 2022

Highlights

- **Organization Updates**

- Started the strategic planning process that will lead into the budget process
- We are actively interviewing for 2 Client Services Coordinators—one for the Des Moines office and one for the Muscatine office. And 2 part-time Client Services Coaches
- Teleza Daniels accepted the position of Women's Business Center Program Director in December 2021. Teleza had been in the role for almost six months—she was very successful in this role, so it became a natural move to keep her in this position. She was also strongly endorsed by our local representatives from the SBA.
- CDFI application was approved 1/30/2022

- **Outreach**

- Attended several virtual meetings representing The Iowa Center
 - **Action Item: Board - Please share any introductions or speaking opportunities you might be aware of in which I might be able to participate**
- Jose and Megan have been holding meetings with local lenders sharing information regarding The Iowa Center Loan Fund and CDFI certification.
- Our United Way grant submission was submitted 1/19/2022.
- Two Rivers Banks has pledged \$5,000 donation in January 2022.
- Grant submissions will be coming due this spring for Principal, Wells Fargo, EMC, US Bank, and Regions Bank.



Direct Services Highlights

Classes + Coaching

- **Ongoing/Upcoming educational events:**
 - **Always Ready: Financials** This is a one-hour program that runs select times throughout the month.
 - Always Ready: Financials shows the clients what they need to do to always be ready to apply for a loan, file for taxes, and buy or sell goods and real estate. We will also show how to repair and build your credit.
 - **Always Ready: Business Plan** This is a one-hour program that runs select times throughout the month.
 - Turn dreams into plans with a small group, one-hour business planning class. The Iowa Center staff will help kickstart the client's business plan by providing a road map on completing the plan and what the next steps are to business ownership.
 - **DreamBuilder** will begin February 24th (Thursdays from 9-11 am for 8 weeks)
 - DreamBuilder is a business plan course ran through the DreamBuilder virtual platform. This program has been restructured to be more focused on the participant coming out of the program with a business plan ready to put into action. There will be some guest speakers during the courses, homework, and coaching elements.
 - **FocusME** will begin again late March 2022.
 - FocusME provides a space for entrepreneurs to support each other with connections and accountability as each entrepreneur sets their own professional and personal goals with the guidance of a coach facilitator.
 - **Small Biz Essentials** Tuesdays from 12-1pm, online
 - Small Biz Essentials will connect the client with local subject matter experts who will share best practices on many different elements of running a small business. Some of these will be part of our Teach-Train-Coach model which allows our clients a deeper dive into the subject.
 - Upcoming webinars:
 - How to Obtain Business Credit – February 15, 2022
 - Reaching Your Most Profitable Customers Online – March 8, 2022
 - **The Story Of...** (*formerly known as First Fridays*)
 - The Story Of...are stories of Iowa entrepreneurs and small business owners that are making their mark in our communities. As our clients are creating their story, we ask that they treat themselves to this time each month to rekindle the entrepreneurial spirit and connect with others.

- **BizFluent**
 - BizFluent is a collection of 3 separate week-long intensive courses designed for entrepreneurs who want to become an expert in key components of their small business. Targeting small business owners who want to handle their own marketing, website development and operations. There is a fee for this course, but the fees fluctuate depending on how many classes you enroll in.

Asset Development

- **The Iowa Center Loan Fund: to date for FY22 as of 11/30/2021**
 - Total Aggregate Amount Disbursed since Program Inception is \$251,065
 - Loans Disbursed 7 for FY22
 - Funds disbursed in FY22 is \$143,450
 - Current balance of ICLF active loans \$149,899.17
 - Current repayment rate: 94%
 - Current number of outstanding loans: 15

Staff Updates

- **Client Services Update (Jose Venales & Russ Dale)**
 - Always Ready (December – February 8th)
 - 20 unique clients
 - Client Triage Meetings (December – February 8th): 33
- **Women’s Business Center (Teleza Daniels)**
 - We have created a new plan for DreamBuilder that more closely aligns with the platform we use. This session will be held virtually for two hours a week—with the expectation that the client will spend an additional two+ hours doing their homework.
 - On 2/14 attending a small business roundtable discussion with the SBA with special guest U.S. Representative Cindy Axne.
 - Working with the SBA local representatives to roll out a new program on owning a small business entitled Ascent.
- **SBA Update**
 - The Community Navigator Program through the SBA has kicked off. The specific purpose of this project is to support to develop and grow sustainable businesses in the Iowa. The project is designed for The Iowa Center to assist 40 small businesses in the next 2 years to surmount the initial barriers to business development – assessing business feasibility, developing a sound business plan including financial projections, marketing and operations strategies, and access to capital. This project will generate \$100,000 in revenue over the next two years.
 - The Cares Program is in the final months (began May 2020). We are awaiting final payment to complete a few more projects before the end of the grant period. This grant was to assist Iowa small businesses that were impacted by Covid.
- **Microloan (Jose Venales & Russ Dale)**
 - The CDFI application was approved by the U.S. Treasury on 1/30/2022
 - SBA Microloan application is still be reviewed
 - Always Ready: Financials will continue-- educating the loan clients on the loan process—the goal is to help prepare our clients to be *Always Ready*

- Russ and Jose have created a new online loan application that goes through our CRM software that automatically uploads documents and information into our system, the client will then get updates as the loan moves through the process, and will be notified when they move into the next stage and new/additional information is needed
- **Marketing + Social Media (Katie Hentges & Russ Dale)**
 - If you would like more information on the classes and events please visit our recurring classes page at: <https://theiowacenter.org/recurring-classes-events/>
 - We also encourage and invite all board members to attend our events. To find a full list of all of our classes, dates, times, and topics go to: <https://theiowacenter.org/services/classes/>
 - And please like, share, and comment on our social media posts! Engagements helps us boost up visibility!
- **VITA (Karla Evans)**
 - The Iowa Center's tax site opened Monday, February 7th at 9am. We had a successful first day with two volunteers doing intake. We have several volunteers that will be working during the week doing the taxes virtually. Our site will be open (appointment only) on Mondays from 9-2. Appointments are filling up quickly—we anticipate being fully booked within the next week.
 - There will be two mobile sites. One will be to Valley View Village—a retirement/nursing home and another to a low income heavily immigrant populated apartment complex.
 - **Action item: If you know of anyone that wants to do volunteering within our own VITA site, please have them reach out to Karla at KEvans@theiowacenter.org**
 - All tax sites across the state are open and have had a great start to the tax season. Most sites are doing in person and/or a hybrid of in person and virtual, which makes us hope for more clients served this year.
 - Karla has been overseeing all of the reporting needs and requests to/from the IRS for The Iowa Center as well as all sites.
 - Karla will be traveling to visit the remaining tax sites in the coming weeks. This time spent meeting the tax partners has been very rewarding to both the sites and The Iowa Center.



Finance Report

Alex Polzin, Director of Finance + Administration

Financial Dashboard Notes

January 2022

Fiscal Year Ending June 30, 2022

1. Bergan 6.30.21 Audit Adjusting Entries reflected on 1/31/2022 Financials:
 - \$105,000 of CARES revenue was re-classed from FYE 6.30.21 to this Fiscal Year ending 6.30.22
 - \$173,000 of remaining CARES balance held with SBA was removed from Accounts Receivable
 - \$18,000 of deferred revenue related to 2017 Sam's Club gift for WeLend recognized FYE 6.30.21 Fixed Asset changes are due to AJEs removing disposed equipment
 - Cleared "Other" Accounts Receivable line item on AR Reconciliation

2. Iowa Center for Economic Success Cash Analysis: Government Receivables Increasing; Unrestricted cash exhausted
 - IRS October-February Reimbursement expected end of March
 - WBC July - Sept. 2021 Reimbursement is expected in February

Financial Dashboard – January 2022

Fiscal Year Ending June 30, 2022

Statement of Activities (July 1st, 2021 to January 31st, 2022)				
	YTD Actual	YTD Budget	YTD Variance	2022 Annual Budget
Revenue				
Contributions	373,243	63,417	309,826	216,500
Government Grants	535,782	430,304	105,478	811,888
Contract Income	78,890	61,000	17,890	71,411
Program Income	2,167	14,992	(12,825)	25,700
Investment Income	(552)	1,750	(2,302)	3,000
Total Revenue	989,530	571,463	418,068	1,128,499
Expense				
Personnel	438,170	455,428	17,258	780,734
Occupancy	35,266	33,699	(1,567)	57,769
Office Expense	17,914	29,972	12,058	51,380
Marketing	5,023	1,400	(3,623)	2,400
Programming	59,955	71,779	11,824	123,050
Tax Sites	27,841	21,830	(6,011)	209,192
Insurance	3,588	4,337	749	7,435
Professional Development	35	438	403	750
Amortization & Depreciation	8,719	8,720	0	14,948
Total Expense	596,511	627,602	31,091	1,247,658
Net Revenue (Loss)	393,020	(56,139)	449,159	(119,159)

Statement of Financial Position (As of January 31st, 2022)			
	1/31/2022	6/30/2021	Change
Assets			
Bank Accounts	645,457	872,234	(226,777)
Endowment Fund	29,179	29,734	(556)
Accounts Receivable	336,801	260,684	76,117
Prepaid Expenses	10,794	3,795	6,999
Fixed Assets	44,169	59,035	(14,867)
Total Assets	1,066,398	1,225,482	(159,084)
Liabilities			
Accounts Payable	340	115,942	(115,602)
Payroll Liabilities	7,631	18,100	(10,469)
Deferred Income	0	173,251	(173,251)
Other Liabilities	456	138,637	(138,181)
Total Liabilities	8,427	445,930	(437,503)
Total Net Assets	1,057,972	779,552	278,420
Total Liab. & Equity	1,066,398	1,225,482	(159,084)

Accounts Receivables Detail		
Name	Amount	Description
IRS	51,667	VITA22 IRS: October-January
DHS	32,500	EITC DHS Grant: Dec-January
SBA CARES	-	CARES Act Bal. at SBA removed from AR
SBA WBC	87,500	SBA Women's Business Center: July-January
International Rescue Comm.	12,500	SBA CNPP December
Individuals	481	Individual Pledges & Class Fees
Corporations	5,000	Corporate Pledges
Kauffman Foundation	147,153	Kauffman Foundation
Total	336,801	

Statement of Activities Variance Notes
Contributions are budgeted by month of expected gift - Kauffman 3-yr Grant recognized in year 1
CARES advance received FYE 6.30.21 and recorded to revenue has been re-classed to FYE 6.30.22

Financial Dashboard—Cash Analysis 1/31/2022

Fiscal Year Ending June 30, 2022

\$ 645,456.60	All Bank Accounts
\$ 7,970.70	Current Liabilities
\$ 147,078.00	Donor Restricted Kauffman (3-yr Grant Agreement)
\$ 9,265.02	Grant Restricted VITA21 to be used for VITA22
\$ 164,313.72	Restricted Funds
\$ 170,425.00	Board Restricted Stanley Gift
\$ 310,000.00	Board restricted 3-month Operations
\$ 717.88	Unrestricted Funds
481,142.88	Total Cash Reserves

Financial Dashboard – Revenue Detail

January, 2022

Fiscal Year Ending June 30, 2022

Contributions Income			
Organization	Annual Budget	Accrued YTD	Cash Received YTD
Wells Fargo-Grant	100,000	-	-
Principal-Grant	30,000	50,000	50,000
US Bank	12,500	-	-
Bankers Trust	2,500	2,500	2,500
Regions Bank	10,000	-	-
BANC Insurance	10,000	-	-
Bank Iowa	500	500	500
Iowa State Bank	1,000	-	-
Drake University	5,000	-	-
AARP	5,000	-	-
Two Rivers Bank & Trust	5,000	5,000	-
Utwaish Savings Bank	1,000	-	-
Green State Credit Union	-	10,000	10,000
Community Foundation	5,000	-	-
Ewing Marion Kauffman Foundation	-	294,306	147,153
Individuals	29,000	10,937	10,937
Total	216,500	373,243	221,090

Government Grants Income			
Government Agency	Annual Budget	Accrued YTD	Cash Received YTD
IRS - VITA	15,500	90,417	38,750
DHS - EITC	19,500	119,750	48,750
SBA - CARES Act*	173,251	105,478	-
SBA - WBC	150,000	87,500	-
SBA - PPP Loan Forgiveness*	138,637	138,637	-
Total	811,888	535,782	87,500

Contract Income Update			
Organization	Annual Budget	Accrued YTD	Cash Received YTD
IEDA - TSF lending	61,000	61,000	61,000
VITA Tax Site	10,411	5,390	5,390
CHPP - International Rescue Comm.	-	12,500	-
Total	71,411	78,890	66,390

Program Income			
Program	Annual Budget	Accrued YTD	Cash Received YTD
All Large Classes	-	-	-
Women's Business Center Classes	25,700	2,167	1,967
Total	25,700	2,167	1,967

Fundraising Notes
 Principal prior fiscal year corporate pledge not received before 6/30/2021 - \$50,000 received October 2021
 Kauffman grant awarded for \$294,306 for a 3 year period, with restrictions. Full grant has been recognized, 1/2 of the funds have been received

Government Grants Notes
 SBA CARES Act Award balance of \$173,251.08 is still held with the SBA
 SBA PPP #2 \$138,638 was forgiven in November 2021 and recognized as Government Grant revenue

Program Income Notes
 Classes provided by The Iowa Center for a fee include Dream Builder, FocusMe, Financially Savvy, & Dreammater.
 The full class list can be found at <https://theiowacenter.org/class-catalog/>

December Accrued Income Notes
 IA DHS December & January Invoice payments expected in February
 IRS VITA Oct-January grant payments expected in March
 SBA WBC funding reimbursement for July-December expected in February

Grant & Contract Terms
 SBA (WBC) grant years: September 30, 2021 - September 29, 2022
 SBA (CARES Act) grant years: May 1, 2020 - April 30, 2022 (extended 12 months from original terms)
 VITA (IRS) grant years: October 1, 2021 - September 30, 2022
 VITA (DHS) grant years: October 1, 2021 - September 30, 2022
 IEDA (TSF) contract terms: August 16, 2018 - August 31, 2021 (Ended 8/31/2021)
 Merchant lease ends February 29, 2020

Iowa Center Loan Fund – Cash & Loans Analysis

January, 2022

Description	1/31/2022
Number of loans outstanding	15
Average original loan amount	\$ 10,000.00
Current outstanding loans balance	\$ 119,899.17
Average current outstanding balance	\$ 7,993.28
Cash available for new loans	\$ 108,408.86