

## Iowa MicroLoan Annual Report for 2016

**Iowa MicroLoan** is a program of the Iowa Foundation for Microenterprise and Community Vitality (IFMCV), which is a 501(c)(3) tax-exempt charitable nonprofit foundation. Iowa MicroLoan was created to operate as a statewide microfinance and technical assistance intermediary for small businesses and entrepreneurs who have workable business plans but are unable to access conventional credit. The Foundation has four full and part-time staff experienced in banking as well as small business management, accounting, finance and marketing. The Foundation is overseen by a statewide board of 22 community leaders representing expertise in small business development, banking, credit unions, nonprofit management, economic development and other diverse community interests ([www.iowamicroloan.org](http://www.iowamicroloan.org)).

**Programs:** Iowa MicroLoan's standard program provides loans of \$5,000 to \$50,000 for up to 6 year terms at 8.125%. The initial focus was to expand a 6-county program in operation since 1993 to all 99 counties. The program is designed and targeted to small business entrepreneurs who have a workable business plan if they have been unable to access conventional loans. Iowa MicroLoan is a statewide intermediary for the SBA MicroLoan Program and USDA Rural Microentrepreneur Assistance Program.

In 2016 IowaMicroLoan has also offered backroom accounting and loan software support for the Solidarity Microfinance project ran by Iowa Community Capital in Des Moines. Have many affiliate programs throughout the state. Those in Wapello County/Ottumwa and Van Metter being quite fruitful for us in client originations. Also new is the USDA Rural Development RBDG we are using to drive the Rural Ventures Accelerastor program focusing on rural Iowa.

**Clients:** Since lending began in 2009, Iowa MicroLoan has approved more than 100 loans to small business entrepreneurs who had difficulty accessing conventional credit. Loan clients are from 30 different counties with 54% from metro counties and 46% from rural counties. Clients have come from all over Iowa including Dubuque, Lee, Pottawattamie, and Woodbury Counties. Slightly more than half of Iowa MicroLoan's clients are women entrepreneurs, and slightly less than half are men, 8% are minorities and 4% are persons with disabilities. Iowa MicroLoan clients have a 96.2% loan repayment rate.

**2016 Results:** Approximately 50% of loan approvals were for startups, while 50% were for existing businesses, which mirrors the percentage for the total loan portfolio. During 2016, 25% of loan clients approved were female and 75% male. This was a significant change from last year's numbers, but is a small sample size. In addition, 50% of loan clients were from metro counties and 50% from non-metro counties. This reflects an increase in rural client approvals over the previous year. Latest available income data show 50% of MicroLoan clients are below HUD low income levels, 38% are below 150 percent of HHS poverty standard, and 19% are below the HHS poverty standard.

**Gaps Addressed:** Iowa Microloan was organized in 2008 following a statewide assessment by a 16 member steering committee representing diverse lending and entrepreneurial support networks led by the Community Vitality Center at Iowa State University. CVC conducted interviews with Iowa's entrepreneurial support networks and conducted a survey of Iowa bankers in cooperation with the Iowa Bankers Association to identify gaps in Iowa's entrepreneurial development system. Iowa MicroLoan has addressed two of the gaps identified, however ongoing grants and contributions are required to match SBA Microloan and USDA funds on a continuing basis.

**MicroLoan Enterprises:** Hair Salons, Computer Repair, Local Food Enterprises, Agricultural Supplies & Services, Lawn Care/Snow Removal, Recording Studios, Home Inspection Services, Yard and Play Equipment Sales, Retail Shoes & Clothing, Coffee Shops, Restaurants, Lodging, Small Manufacturers, Drone Mapping and various other Retail and Service Businesses.

**Microloan Leverage:** Iowa MicroLoan has invested in excess of \$2.0 million in Iowa small businesses. Each \$1 of charitable contribution to Iowa MicroLoan leverages an additional \$3-\$7 of agency loan and technical assistance funds, and \$1 of private funds. Iowa MicroLoan also seeks donations for its Entrepreneurial Development Fund, a permanent endowment for which all donations are eligible for 25% Endow Iowa tax credits.

**For More Information Contact: Craig Downs, IFMCV President: 515-212-0182**