

Targeted Small Business Financial Assistance

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What is a targeted small business?

A targeted small business (TSB) is one which meets the following minimum criteria:

- ✓ Is a for profit business located in the State of Iowa
- ✓ Has an annual gross income of less than \$4 million
- ✓ Is 51% or more owned, operated and actively managed by women, minorities or persons with disabilities
- ✓ Majority owner must be a resident of the State of Iowa.

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House File 890

Legislation signed in May 2007 provided for the following:

- ✓ Threshold of \$10,000 for TSB purchases without a bidding process
- ✓ Funding for advocate service providers to mentor TSBs
- ✓ Development of procurement goals in terms of a dollar amount

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TSB Certification

Need to be certified before applying for financial assistance. Requirements are:

- ✓ \$25 processing fee
- ✓ Three – four weeks for processing application
- ✓ Application available @

www.state.ia.us/government/dia/page5.html

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TSB & Financial Assistance

Certified TSB is eligible for
2 opportunities with IDED

- ✓ Low-interest loans and equity grants
- ✓ Vendor for state-purchased goods and services

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Financial Assistance

- ✓ Direct loan – 5 years @ 5% - maximum loan is \$50,000
- ✓ Grant – used to leverage conventional financing, not to exceed \$50,000

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Financial Assistance

- ✓ TSB Program cannot fund 100% of a project
- ✓ TSB shall not receive a loan, grant, or a combination of loans, or grants exceeding 90% of the total project cost.
- ✓ All applicants must invest at least 10% of the total project budget in cash.

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How can TSB funds be used?

TSB funds may be used to purchase:

- ✓ Equipment
- ✓ Acquire inventory
- ✓ Provide operating capital
- ✓ Leverage additional funding

Funds cannot be used to refinance existing debt.

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Financial Assistance Example

Direct Loan

Lori needed \$20,000 to buy equipment for her business. She completed the financial assistance application and was awarded the loan. The funds come directly from the Department of Revenue and are payable jointly to the business & the applicant's bank. Funds are sent to the applicant's bank and disbursed by invoices.

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Financial Assistance Example

Equity Grant

Equity grants are used to help leverage bank or SBA Funds.

Mr. Carter needs 30% equity before his bank will approve his loan request of \$100,000 ($.30 \times 100,000 = \$30,000$). He only has \$10k, but as a certified TSB, he applies for an equity grant to help leverage the loan. So, he requests \$20,000. His \$10,000 and the “State’s” \$20,000 give him the 30% equity he needs. The bank loans Mr. Carter \$70,000, so now he has the \$100,000 for his project.

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Financial Assistance Process

Step 1 - Complete financial application which includes a 2 year cash flow statement and other financial statements

Step 2 - Submit in a timely manner.

Due dates:

- ✓ Submission – fourth Friday of the month
- ✓ Committee review – third Wednesday of the following month

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Financial Assistance Process

1. After application is received, program manager sets up telephone conference to discuss the application and request any missing information
2. Program manager submits applications to loan review board
3. Loan review board makes recommendation
4. IDED Director makes final decision based on board recommendation, if approved, then...
5. Program manager mails award letter to recipient

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Financial Assistance Process

6. Contract is prepared and sent to TSB
7. After signed contract is received, program manager requests check from Dept of Revenue and Finance
8. Check is received and program manager sends directly to bank on behalf of TSB

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Documents Needed for Financial Assistance

- ✓ Two years of projected cash flow statements
- ✓ Two years of profit and loss statements
- ✓ Two years of balance sheet statements

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Important Websites

Certification site

www.state.ia.us/government/dia/page5.html

48 hours procurement notice

[www.iowalifechanging.com/business/tsb/tsbsearch
.asp](http://www.iowalifechanging.com/business/tsb/tsbsearch.asp)

TSB Financial Assistance

www.iowalifechanging.com/business/tsb.html

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Contact Information

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