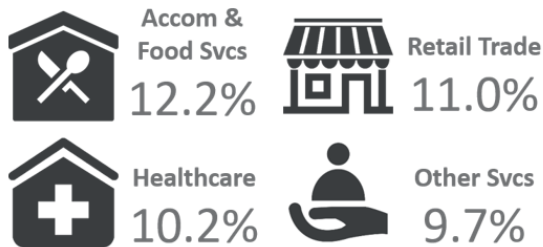


COVID-19 Impact on Iowa Businesses Executive Summary – Survey 3

May 5, 2021

Demographics

Largest Industry Sectors Represented



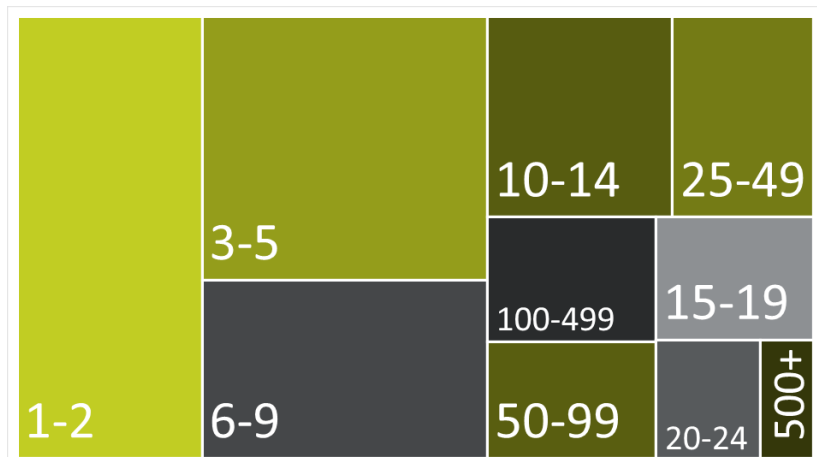
Construction (8.3%) | Professional, Scientific & Technical (8.0%) |
Manufacturing (7.7%) | Arts, Entertainment & Recreation (5.9%) |
Finance and Insurance (5.5%)

The survey, funded by the US Economic Development Administration, was launched on the afternoon of Tuesday, February 23, 2021 and was closed at 5 p.m. on Wednesday, March 24, 2021. Over 8,800 businesses and organizations fully or partially completed the survey with 6,457 usable for analysis.

Participation was achieved across all of Iowa’s industry sectors with the top sectors shown above.

The majority of respondents (82.4%) are for-profit organizations. An additional 12.4% of respondent organizations are not for profit while 5.0% of respondent organizations are local, state, or federal government. Additional ownership classifications included 42.0% Family owned, 23.3% Woman owned, and 11.9% Employee owned.

Over half (58%) of the survey respondents were small businesses with fewer than 10 employees and just over 20% had fewer than 25 employees. Eight percent reported having 25 to 49 employees, and 5.5% reported 50 to 99 employees. Only 5.8% reported having 100 to 499 employees, and 1.7% reported 500 or more employees.



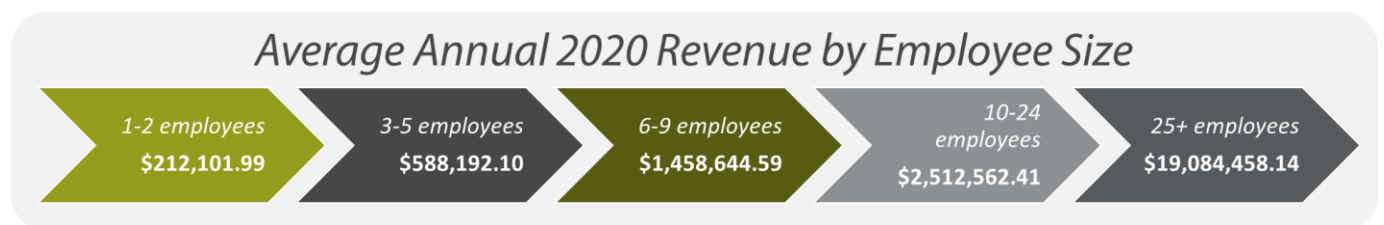
FT & PT Employees



Survey respondents were asked to provide combined full time and part time employment information by selecting an appropriate employment range. Using mid-point calculations, a total employment sum was computed as being 264,683 employees with a mean of 41.99 employees. A total of 6,302 respondents provided employment information.

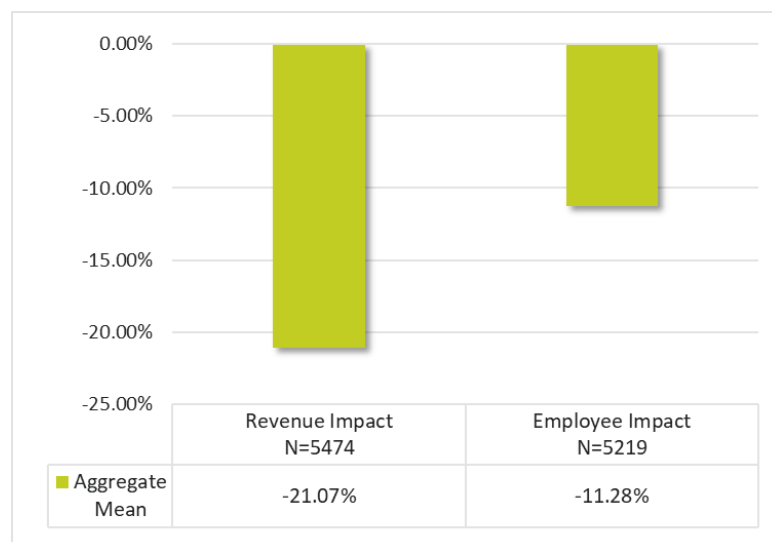
With just over half of the respondents providing data, an average of 33.69% employees were eligible to work remotely in February 2021 while 24.19% worked remotely. Nearly 17% of the respondents have already implemented a hybrid work in office/home model and 11.7% allowed employees to work remotely full time. They also indicated state and federal government investments in broadband infrastructure would have the highest value followed by incentives for investing in technology/programs to support remote work and digital skills for training for staff.

Survey respondents were asked to provide 2020 annual revenue data by selecting an appropriate revenue range. A total of 5,231 respondents provided 2020 annual revenue information for a total sum of \$25,087,337,450 using mid-point calculations. The average 2020 annual revenue was \$4,795,897.05 with a median of \$374,950. Due to the wide range in employment size reported by respondent organizations, five employee size categories were created for comparison purposes. The graphic below offers average annual 2020 revenue for respondents in each of these employee size categories.



Revenue and Employment Impact

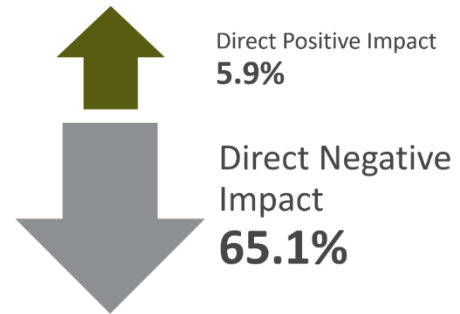
Aggregately, respondent organizations indicated their 2020 revenues had decreased by 21.1%, while their employment levels decreased by approximately 11.3%.



Industry sectors reporting significantly higher negative revenue and employment impacts for 2020 included Accommodation and Food Services. Specifically, this industry sector reported a significantly higher negative revenue impact (-38.02%) and negative employment impact (-25.01%) for 2020 as compared to Construction, Manufacturing, Retail Trade, Professional, Scientific and Technical Services, Health Care and Social Assistance and Other Services.

COVID-19 Organizational Impact

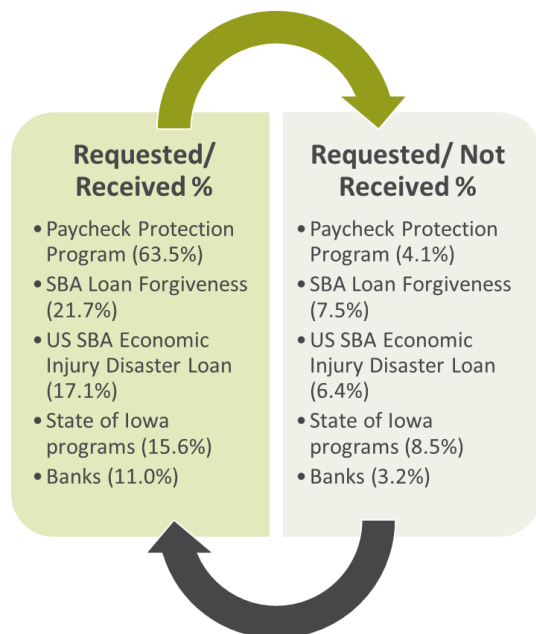
Two-thirds of respondent organizations in Iowa (65.1%) continue to be negatively impacted by the coronavirus (COVID-19) pandemic, while just 5.9% were positively impacted. The top concerns with respect to the effects of the coronavirus pandemic include Revenue loss (44.2%), Cash flow (36.1%), Employee health/well being (33.7%) and Financial impact on operations (33.5%).



Two industry sectors, Accommodation and Food Services (83.1%) and Health Care and Social Assistance (79.5%), reported a significantly higher negative direct impact. Additionally, the Accommodation and Food Services sector reported a significantly higher level of concern for cash flow, decreasing consumer confidence/spending, financial impact on operations and revenue loss. Health Care and Social Assistance reported a significant higher level of concern for the cost of implementing protective health/safety measures and PPE, lower productivity and revenue loss.

However, it is important to note concern has significantly lessened for survey 3 respondents as compared to survey 1 or 2 respondents for the following areas: cash flow, decreasing consumer confidence/spending, financial impact on operations and revenue loss. It should also be noted survey 3 respondents were significantly more concerned about the impact on tax and trade issues as compared to survey 2 respondents.

Financial Assistance Applications



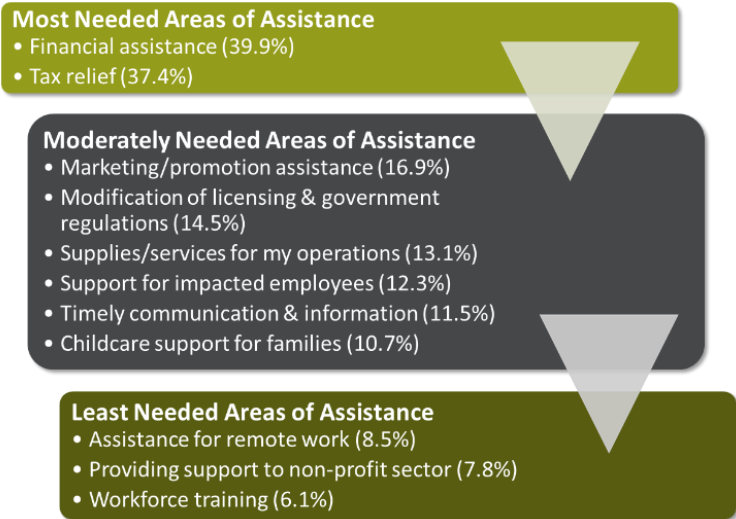
Nearly two-thirds of respondents (63.5%) applied for and received funding from the Paycheck Protection Program (PPP). Just over 21% applied for and received US Small Business Administration Loan Forgiveness and 17.1% applied for and received a US SBA Economic Injury Disaster Loan. Nearly 16% requested and received financial assistance from State of Iowa programs and 11.0% from Banks. Respondents most often reported requesting but not receiving assistance from State of Iowa programs (8.5%), SBA Loan Forgiveness (7.5%) and a US SBA Economic Injury Disaster Loan (6.4%).

Over half the respondents reported their organization would have faced permanent closure without funding from Self (60.1%), Family or Friends (59.5%) or Economic Injury Disaster Loans (52.0%). A second tier

of key funding sources included Banks (46.0%), Small Business Administration Loan Forgiveness (43.1%) and Other Sources (41.9%), while a third tier includes the Paycheck Protection Program (36.9%), Main Street Lending Program (35.9%) and Local Community Assistance Programs (32.9%).

Most Helpful Assistance and Resources

Nearly 40% of respondents reported that financial assistance would be the most helpful to their organization followed by Tax relief (37.4%). Top moderately needed areas of assistance included Marketing/promotion assistance (16.9%) and Modification of licensing & government regulations (14.5%), while Workforce training (6.1%), Providing support to non-profit sector (7.8%) and Assistance for remote work (8.5%) were least needed.



Organizational Changes in Next 6 Months



Respondents most frequently reported these organization changes: Identify and hire new employees (32.5%), Obtain financial assistance or additional capital (29.9%), Increase or pivot marketing or sales efforts (29.1%) and Adjust our business model (28.7%). Less than 20% of the respondents plan to do the following: Identify new supply chain options (18.6%), Evaluate work arrangements for

employees (17.9%), Offer new/additional training for employees (15.7%), Learn how to better provide for the safety of customers and employees (15.2%), and Develop online sales or websites (15.1%). Only 5.4% indicated they would permanently close the business while 13.9% reported none of these actions.

Additionally, the impact of the coronavirus pandemic prompted 30.9% of respondents to implement new systems or technology to allow for remote collaboration, 29.2% added or transitioned to digital operations and 29.1% started delivering products and services differently. Additionally, 22.6% started offering new products or services and 15.7% eliminated products and services to adapt to changing customer needs.

Nearly half (48.0%) of the respondents are experiencing a decrease in demand for products or services followed by a shortage of supplies or inputs (36.6%) and decreased employee attendance related to COVID (27.6%). Only 10.1% reported an increase in demand for products or services.



Tourism Sector

Of the 586 respondents who identified themselves as tourism-based organizations, the average negative impact on visitor attendance for February 2021 was -44.97%, -41.56% for March 2021 and -38.02% for April.

Just over 40% reported pausing paid marketing, but continuing social media, website, and email updates. Approximately 30% of respondents are marketing what is open, while 14.3% have paused all marketing. Almost 60% plan to re-engage the local community, residents, and visitors through sanitizing procedures, followed closely by social distancing protocols (52.9%). Almost 30% reported discounting pricing, affinity benefits, and memberships.

Property Management Sector

Among the 323 respondents in the property management sector, the average number of rental units managed is 191.84. Approximately 18% reported 1 to 25% of tenants as currently behind on their rent due to COVID-19, with 14.2% being behind on payments by 1 or 2 months. Just over 15% of the property management respondents anticipated not having to evict any tenants once the statewide moratorium lifts, while 11.9% anticipate evicting 1 to 25% of tenants. Lastly, 16.5% of the property management respondents reported organizational liquidity decreasing by 1 to 25% because of COVID-19, while 13.5% reported a decrease of 26-50% and 18.3% of respondents reported their liquidity stayed the same.



Non-Profit Sector

Among the 787 non-profit respondents, they on average estimated 23.80% of their clients/customers/beneficiaries will no longer be served or will receive reduced/incomplete average monthly services. In addition, current/project demand for services in 2021 as compared to 2020 has increased by an average of 9.88% while projected income has decreased by an average of 0.58%. About half indicated no projected decrease was expected through June 30, 2021 due to financial assistance from private donors and philanthropic organizations/foundation. However, among those who did report shortfalls, the average was \$261,149.11 with a median of \$40,000. While the vast majority of not for profit organizations do not foresee permanent closure due to COVID-19 (93.0%), 3.7% anticipate closure could occur in 2022 or later.

This survey was funded by the U.S. Economic Development Administration.

