



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B44129

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

August 25, 2014

Board of Directors
Alliance for Strategic Growth, Inc.
122 East Main Street
Muncie, IN 47305

We have reviewed the audit report prepared by Wipfli, LLP, for the period July 1, 2011 to June 30, 2012. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of Alliance for Strategic Growth, Inc., as of June 30, 2012, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

Alliance for Strategic Growth, Inc.

Muncie, Indiana

Financial Statements and Supplementary Information
Year Ended June 30, 2012

Alliance for Strategic Growth, Inc.

Financial Statements and Supplementary Information
Year Ended June 30, 2012

Table of Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Cash Flows.....	5
Notes to Financial Statements	6
Supplementary Information	
Schedule of Expenditures of Federal Awards and Other Financial Assistance.....	10
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>	12
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	14
Schedule of Findings and Questioned Costs	16



Independent Auditor's Report

Board of Directors
Alliance for Strategic Growth, Inc.
Muncie, Indiana

We have audited the accompanying statement of financial position of Alliance for Strategic Growth, Inc. (a nonprofit organization) as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Alliance for Strategic Growth, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance for Strategic Growth, Inc. as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2013, on our consideration of Alliance for Strategic Growth, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Alliance for Strategic Growth, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and other financial assistance, Schedules A-1 to A-2, which includes the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic 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 basic 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. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.


Wipfli LLP

January 3, 2013
Madison, Wisconsin

Alliance for Strategic Growth, Inc.

Statement of Financial Position

June 30, 2012

<i>Assets</i>	
Current assets:	
Cash	\$ 491,002
Grants receivable	131,251
Accounts receivable	3,757
Prepaid expenses	32,902
Total current assets	658,912
Equipment, net of \$19,152 of accumulated depreciation	2,392
TOTAL ASSETS	\$ 661,304
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable	\$ 129,808
Accrued payroll and related expenses	214,167
Grant funds received in advance	177,595
Total current liabilities	521,570
Unrestricted net assets	139,734
TOTAL LIABILITIES AND NET ASSETS	\$ 661,304

See accompanying notes to financial statements.

Alliance for Strategic Growth, Inc.

Statement of Activities

Year Ended June 30, 2012

Revenue:	
Grant revenue	\$ 4,831,275
Interest revenue	233
<hr/>	
Total revenue	4,831,508
<hr/>	
Expenses:	
Program activities:	
Job training	4,452,715
Subcontractor expenses	15,050
<hr/>	
Total program expenses	4,467,765
<hr/>	
Support and administration	370,690
<hr/>	
Total expenses	4,838,455
<hr/>	
Change in unrestricted net assets	(6,947)
Unrestricted net assets at beginning of year	146,681
<hr/>	
Unrestricted net assets at end of year	\$ 139,734

See accompanying notes to financial statements.

Alliance for Strategic Growth, Inc.

Statement of Cash Flows

Year Ended June 30, 2012

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in unrestricted net assets	(\$ 6,947)
<hr/>	
Adjustments to reconcile change in unrestricted net assets	
to net cash used in operating activities:	
Depreciation	7,182
Changes in operating assets and liabilities:	
Grants receivable	203,804
Accounts receivable	(2,258)
Prepaid expenses	(2,462)
Accounts payable	93,054
Subcontractors payable	(479,313)
Accrued payroll and related expenses	77,405
Grant funds received in advance	(36,084)
<hr/>	
Net cash used in operating activities	(145,619)
<hr/>	
Change in cash	(145,619)
Cash at beginning of year	636,621
<hr/>	
Cash at end of year	\$ 491,002

See accompanying notes to financial statements.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of Operations

Alliance for Strategic Growth, Inc. (ASG) was organized as a nonprofit corporation on July 30, 2002. ASG was formed to comply with the requirements of the Workforce Investment Act of the State of Indiana by overseeing the provision of convenient, customer-friendly employment and training services in the nine-county area of Blackford, Delaware, Henry, Jay, Randolph, Wayne, Rush, Fayette, and Union counties in Indiana. ASG is supported through federal and state grants. ASG acts as the Workforce Investment Board for Economic Growth Region 6 to enhance and sustain an educated, skilled and employable workforce. Approximately 98 percent of grant revenue was received from the State of Indiana Department of Workforce Development.

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting in accordance to principles generally accepted in the United States.

Classification of Net Assets

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of ASG and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Currently, ASG does not have any temporarily restricted net assets.

Classification of Net Assets

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by ASG. Generally, the donors of these assets permit ASG to use all or part of the income earned on any related investments for general or specific purposes. Currently, ASG does not have any permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies (Continued)**

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to ASG that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards that are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

B. Grant Awards that are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Accounts Receivable

ASG considers the accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts receivable is recorded. If the amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Property and equipment are capitalized at cost and depreciated over their useful life using the straight-line method. ASG capitalizes equipment purchased with agency funds with a cost greater than \$5,000 and a useful life of more than one year. Donation of property and equipment are recorded as support at the estimated fair market value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

Property and equipment purchased with grant funds are held in trust by ASG for the benefit of the People of the State of Indiana while used in the program for which they were purchased or in other future authorized programs. The State of Indiana defines equipment as items with a unit cost over \$500. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The cumulative cost of equipment purchased with grant funds is \$193,039. All items have a unit cost of less than \$5,000. This property and equipment is not reflected in these financial statements as it is held in trust by the State of Indiana and it does not meet the definition of equipment as defined by ASG's policies.

Income Taxes

ASG is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and Indiana income taxes.

ASG is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. ASG has determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for the fiscal year ended June 30, 2009, and thereafter remain subject to examination by the Internal Revenue Service.

Cost Allocation

Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all of ASG's programs, which cannot be readily identified with a final cost objective.

Subsequent Events

Subsequent events have been evaluated through January 3, 2013, which is the date the financial statements were available to be issued.

Note 2 Grants Receivable

The grants receivable balance represents amounts due from funding sources as follows:

Indiana Department of Workforce Development	\$ 123,423
Other	7,828
<u>Total</u>	<u>\$ 131,251</u>

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 3 Operating Leases

ASG leases various facilities for the operations to support workforce development. ASG leases one facility for their administrative office and eight offices for employment and training services. Rent expense for ASG for the year ended June 30, 2012, was \$706,633. Future minimum lease payments on leases having terms beyond June 30, 2012, are as follows:

2013	\$ 639,266
2014	523,550
2015	470,791
2016	455,905
2017	461,780
Thereafter	899,610
<u>Total</u>	<u>\$ 3,450,902</u>

Note 4 Retirement Plan

ASG has a 403(b) tax sheltered annuity retirement plan that covers all regular employees. The retirement benefits are fully vested with the employee after three years of service. The percentage that ASG contributes is using a formula where total contributions paid by ASG on behalf of the employees do not exceed 16 percent of the employees' salary. The contribution for the year ended June 30, 2012, was \$70,372.

Note 5 Concentration of Credit Risk

ASG maintains deposits at a financial institution. Accounts at this financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, the bank balance may have been in excess of the FDIC coverage. Bank balances in excess of FDIC coverage are insured by the Public Deposit Insurance Fund.

Note 6 Grant Awards

At June 30, 2012, ASG has commitments to perform services under various grants with contract periods spanning multiple fiscal years of approximately \$1,400,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Supplementary Information

Alliance for Strategic Growth, Inc.

Schedule A-1

Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2012

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Expenditures
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE						
Department of Labor						
17.258	C1-2-WIA-0-06	WIA Adult	Indiana DWD	07/01/11-06/30/12	\$ 259,971	\$ 259,971
17.258	C1-2-WIA-0-06	WIA Administration	Indiana DWD	07/01/11-06/30/12	24,588	24,588
17.258	C1-2-WIB-1-06	WIA Adult	Indiana DWD	07/01/11-06/30/13	1,092,057	764,552
17.258	C1-2-WIB-1-06	WIA Administration	Indiana DWD	07/01/11-06/30/13	84,710	59,642
17.258	PY11-CR-06-1A	Veterans' Workforce Imp Plan	Interlocal	07/01/11-06/30/12	26,205	26,205
17.258	C1-2-ABE-0a-06	ABE	Indiana DWD	07/01/11-06/30/12	121,088	5,227
Subtotal 17.258						1,140,185
17.259	C1-2-WIA-0-06	WIA Youth	Indiana DWD	07/01/11-06/30/12	37,722	37,722
17.259	C1-2-WIA-0-06	WIA Administration	Indiana DWD	07/01/11-06/30/12	30,399	30,399
17.259	C1-2-WIB-1-06	WIA Youth	Indiana DWD	07/01/11-06/30/13	929,997	699,784
17.259	C1-2-WIB-1-06	WIA Administration	Indiana DWD	07/01/11-06/30/13	103,333	72,754
17.259	C1-2-DISC-9a-06	WIA Discretionary	Indiana DWD	07/01/11-06/30/12	294,000	221,481
17.259	C1-2-ABE-0a-06	ABE	Indiana DWD	07/01/11-06/30/12	13,454	13,454
17.259	C1-2-JAG-0a-06	JAG Coordinator	Indiana DWD	07/01/11-09/30/11	18,430	18,430
17.259	C1-2-JAG-1-06	JAG Coordinator	Indiana DWD	10/01/11-09/30/12	30,053	30,053
17.259	C1-2-JAGCD-1-06	JAG Career Development	Indiana DWD	07/01/11-06/30/13	1,100	1,100
Subtotal 17.259						1,125,177
17.260	C1-2-DISC-9a-06	WIA Discretionary	Indiana DWD	07/01/11-06/30/12	159,000	159,000
17.260	C1-2-BC-1-06	Business Consultant	Indiana DWD	07/01/11-06/30/12	54,000	54,000
17.260	C1-2-RR-1-06	RR Key Plastic	Indiana DWD	08/15/11-10/31/12	95,224	95,224
Subtotal 17.260						308,224
17.278	C1-2-WIA-0-06	WIA Dislocated Worker	Indiana DWD	07/01/11-06/30/12	395,514	395,514
17.278	C1-2-WIA-0-06	WIA Administration	Indiana DWD	07/01/11-06/30/12	36,454	36,454
17.278	C1-2-WIB-1-06	WIA Dislocated Worker	Indiana DWD	07/01/11-06/30/13	767,931	548,452
17.278	C1-2-WIB-1-06	WIA Administration	Indiana DWD	07/01/11-06/30/13	121,956	85,866
Subtotal 17.278						1,066,286
Subtotal Cluster 17.258, 17.259, 17.260 and 17.278 (includes subcontractor expenses of \$15,050)						3,639,872

See Independent Auditor's Report.

Alliance for Strategic Growth, Inc.

Schedule A-2

Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2012

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Expenditures
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE(Continued)						
Department of Labor (Continued)						
17.207	C1-2-BC-1-06	Business Consultant	Indiana DWD	07/01/11-06/30/12	36,000	36,000
17.207	C1-2-IS-1-06	Dis. Veterans' Outreach Program	Indiana DWD	07/01/11-09/30/12	11,733	8,652
17.207	C1-2-IS-1-06	Local Veterans' Emp. Program	Indiana DWD	07/01/11-09/30/12	16,362	12,275
17.207	C1-2-IS-1-06	Wagner Peysner	Indiana DWD	07/01/11-09/30/12	467,061	359,147
Subtotal 17.207						416,074
17.225	C1-2-IS-1-06	Unemployment Insurance	Indiana DWD	07/01/11-09/30/12	351,567	264,365
17.271	C1-2-BC-1-06	Business Consultant	Indiana DWD	07/01/11-06/30/12	30,000	30,000
17.275-ARRA	C1-2-SEOJT-9a-06	ARRA Green OJT	Indiana DWD	07/01/11-01/28/13	286,060	243,455
17.275-ARRA	C1-2-SEOJT-1-06	ARRA Green OJT	Indiana DWD	07/01/11-01/28/13	260,000	77,334
17.275-ARRA	C1-2-SEITA-9a-06	ARRA Green ITA	Indiana DWD	07/01/11-01/28/13	20,000	367
Subtotal 17.275-ARRA						321,156
17.277-ARRA	C1-2-NEGOJTARRA-0a-06	ARRA NEG OJT	Indiana DWD	07/01/11-09/30/12	117,479	87,473
17.802	PY11-CR-06-1A	Veterans' Workforce Imp Plan	Interlocal	07/01/11-06/30/12	54,570	54,570
Total Federal Programs						4,813,510
STATE AND LOCAL PROGRAMS						
N/A	C1-2-MOSP-1-06	MOSP	Indiana DWD	07/01/11-11/30/11	2,160	1,960
N/A	C1-2-PISY-2-06	PISY	Indiana DWD	04/18/12-11/30/12	10,500	5,769
N/A	2011-0818-01	Blackford Grant	Blackford Comm. Fdn.	08/18/11-08/18/12	9,500	1,919
N/A	C0133d	IN Education Roundtable	Roundtable Commission	03/01/12-06/30/12	8,000	8,000
N/A	N/A	AHEC	NIAHEC	05/15/12-06/30/12	2,250	117
Subtotal State and Local Programs						17,765
TOTAL						\$ 4,831,275

Notes to Schedule of Expenditures of Federal Awards and Other Financial Assistance

NOTE 1: The Schedule of Expenditures of Federal Awards and Other Financial Assistance (the "Schedule") includes the federal grant activity of Alliance for Strategic Growth, Inc. under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of Alliance for Strategic Growth, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Alliance for Strategic Growth, Inc.

NOTE 2: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.



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*

Board of Directors
Alliance for Strategic Growth, Inc.
Muncie, Indiana

We have audited the financial statements of Alliance for Strategic Growth, Inc. (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated January 3, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Alliance for Strategic Growth, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Alliance for Strategic Growth, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Alliance for Strategic Growth, Inc.'s internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alliance for Strategic Growth, Inc.'s financial statements are free of 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*.

This report is intended solely for the information and use of management, the Board of Directors, others within Alliance for Strategic Growth, Inc., federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


Wipfli LLP

January 3, 2013
Madison, Wisconsin



Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Directors
Alliance for Strategic Growth, Inc.
Muncie, Indiana

Compliance

We have audited Alliance for Strategic Growth, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. Alliance for Strategic Growth, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Alliance for Strategic Growth, Inc.'s management. Our responsibility is to express an opinion on Alliance for Strategic Growth, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Alliance for Strategic Growth, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Alliance for Strategic Growth, Inc.'s compliance with those requirements.

In our opinion, Alliance for Strategic Growth, Inc. complied, in all material respects, with the compliance requirements referred to above that that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Alliance for Strategic Growth, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Alliance for Strategic Growth, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Alliance for Strategic Growth, Inc.'s internal control over compliance.

A deficiency in internal control over compliance 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 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 combination of deficiencies, in internal controls 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within Alliance for Strategic Growth, Inc., federal awarding agencies, and pass-through entities and is not intended to be and should not be issued by anyone other than these specified parties.


Wipfli LLP

January 3, 2013
Madison, Wisconsin

Alliance for Strategic Growth, Inc.

Schedule of Findings and Questioned Costs

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of Alliance for Strategic Growth, Inc.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of Alliance for Strategic Growth, Inc. were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal award programs as reported in the Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Alliance for Strategic Growth, Inc. expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Alliance for Strategic Growth, Inc.
7. The programs tested as major programs were the Department of Labor CFDA Cluster #17.258, #17.259, #17.260, and #17.278, and CFDA #17.275-ARRA.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Alliance for Strategic Growth, Inc. was determined to be a low-risk auditee.

B. Findings – Financial Statements Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs Audit

Findings: None

Questioned Costs: None

D. Prior-Year Findings

None

