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AN EQUAL OPPORTUNITY EMPLOYER

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April 9, 2024

Board of Directors
Alliance for Strategic Growth, Inc.
Delaware County, Indiana

We have reviewed the audit report of Alliance for Strategic Growth, Inc. which was opined upon by Wipfli LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Alliance for Strategic Growth, Inc. as of June 30, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Wipfli LLP prepared the audit report in accordance with guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

Alliance for Strategic Growth, Inc.

Muncie, Indiana

Financial Statements and
Supplementary Information

Years Ended June 30, 2023 and 2022



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Alliance for Strategic Growth, Inc.

Financial Statements and Supplementary Information
Years Ended June 30, 2023 and 2022

Table of Contents

Independent Auditor’s Report	1
Financial Statements	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows.....	8
Notes to Financial Statements	9
Supplementary Information	
Schedule of Expenditures of Federal Awards and Other Financial Assistance.....	17
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>Governmental Auditing Standards</i>	20
Independent Auditor’s Report on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	22
Schedule of Findings and Questioned Costs	25

Independent Auditor’s Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Alliance for Strategic Growth, Inc. (a nonprofit “Organization”), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alliance for Strategic Growth, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alliance for Strategic Growth, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is a higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that arise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with government regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and other financial assistance, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the 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 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 schedule of expenditures of federal awards and other financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2024 on our consideration of the Alliance for Strategic Growth, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alliance for Strategic Growth, Inc.'s internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

January 23, 2024

Alliance for Strategic Growth, Inc.

Statements of Financial Position

June 30, 2023 and 2022

	<i>Assets</i>	2023	2022
Current assets:			
Cash and cash equivalents		\$ 464,212	\$ 382,018
Grants receivable		203,627	522,077
Prepaid expenses		46,509	58,264
Total current assets		714,348	962,359
Other assets:			
Beneficial interest in assets held by another		10,688	10,257
Property and equipment		50,000	0
Right of use lease asset		1,651,654	0
Total other assets		1,712,342	10,257
TOTAL ASSETS		\$ 2,426,690	\$ 972,616
<i>Liabilities and Net Assets</i>			
Current liabilities:			
Accounts payable		\$ 276,236	\$ 475,055
Accrued payroll and related expenses		60,283	70,173
Note payable		42,170	0
Refundable advance liability		200,855	192,476
Current portion of lease liability		272,934	0
Total current liabilities		852,478	737,704
Long-term liability: Lease liability		1,332,243	0
Total liabilities		2,184,721	737,704
Net assets:			
Without donor restrictions		227,206	220,744
With donor restrictions		14,763	14,168
Total net assets		241,969	234,912
TOTAL LIABILITIES AND NET ASSETS		\$ 2,426,690	\$ 972,616

See accompanying notes to financial statements.

Alliance for Strategic Growth, Inc.

Statements of Activities

Years Ended June 30, 2023 and 2022

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Grant revenue	\$ 4,516,057	\$ 0	\$ 4,516,057
Other revenue	974	595	1,569
Total revenue	4,517,031	595	4,517,626
Expenses:			
Program activities:			
WIOA adult	716,687	0	716,687
WIOA youth	938,590	0	938,590
WIOA dislocated worker	1,041,797	0	1,041,797
Job's for America's Graduates	307,070	0	307,070
Youth Build	245,849	0	245,849
Wagner Peyser	118,130	0	118,130
Unemployment insurance	234,345	0	234,345
Other program activities	545,262	0	545,262
Total program expenses	4,147,730	0	4,147,730
Management and general	362,839	0	362,839
Total expenses	4,510,569	0	4,510,569
Change in net assets	6,462	595	7,057
Net assets at beginning of year	220,744	14,168	234,912
Net assets at end of year	\$ 227,206	\$ 14,763	\$ 241,969

See accompanying notes to financial statements.

Alliance for Strategic Growth, Inc.

Statements of Activities (Continued)

Years Ended June 30, 2023 and 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Grant revenue	\$ 4,298,515	\$ 0	\$ 4,298,515
Other revenue	(454)	(1,002)	(1,456)
Total revenue	4,298,061	(1,002)	4,297,059
Expenses:			
Program activities:			
WIOA adult	484,809	0	484,809
WIOA youth	886,745	0	886,745
WIOA dislocated worker	1,207,038	0	1,207,038
Job's for America's Graduates	333,412	0	333,412
Wagner Peyser	116,967	0	116,967
Unemployment insurance	237,162	0	237,162
Other program activities	681,050	0	681,050
Total program expenses	3,947,183	0	3,947,183
Management and general	362,378	0	362,378
Total expenses	4,309,561	0	4,309,561
Change in net assets	(11,500)	(1,002)	(12,502)
Net assets at beginning of year	232,244	15,170	247,414
Net assets at end of year	\$ 220,744	\$ 14,168	\$ 234,912

See accompanying notes to financial statements.

Alliance for Strategic Growth, Inc.

Statements of Functional Expenses Years Ended June 30, 2023 and 2022

	2023		
	Program Services	Management & General	Total
Expenses:			
Salaries, wages and employee benefits	\$ 1,067,604	\$ 243,671	\$ 1,311,275
Training and travel	21,289	0	21,289
Occupancy	245,281	49,147	294,428
Communications	25,575	1,834	27,409
Insurance	0	16,722	16,722
Supplies	90,844	286	91,130
Professional services	294,890	33,105	327,995
Dues and subscriptions	9,266	1,993	11,259
Miscellaneous	216,134	16,081	232,215
Client services	338,778	0	338,778
Subcontractors	1,838,069	0	1,838,069
Total expenses	\$ 4,147,730	\$ 362,839	\$ 4,510,569

	2022		
	Program Services	Management & General	Total
Expenses:			
Salaries, wages and employee benefits	\$ 848,275	\$ 246,453	1,094,728
Training and travel	26,830	48	26,878
Occupancy	149,215	46,930	196,145
Communications	23,423	2,522	25,945
Insurance	0	14,838	14,838
Supplies	93,987	691	94,678
Professional services	253,422	32,808	286,230
Dues and subscriptions	6,114	0	6,114
Miscellaneous	144,489	18,088	162,577
Client services	408,985	0	408,985
Subcontractors	1,992,443	0	1,992,443
Total expenses	\$ 3,947,183	\$ 362,378	\$ 4,309,561

Alliance for Strategic Growth, Inc.

Statements of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Changes in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	\$ 7,057	(\$ 12,502)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Change in beneficial interest in assets held by another	(431)	1,326
Noncash lease expense	165,662	0
Changes in operating assets and liabilities:		
Grants receivable	318,450	(11,650)
Prepaid expenses	(25,536)	(10,075)
Accounts payable	(198,819)	(98,861)
Accrued payroll and related expenses	(9,890)	7,371
Refundable advance liability	8,379	167,329
Lease liability	(174,848)	0
Net cash from operating activities	90,024	42,938
Cash flows from investing activities:		
Purchase of equipment	(50,000)	0
Net cash from financing activities	(50,000)	0
Cash flows from financing activities:		
Proceeds from note payable	50,000	0
Payments on note payable	(7,830)	0
Net cash from financing activities	42,170	0
Changes in cash and cash equivalents	82,194	42,938
Cash and cash equivalents at beginning of year	382,018	339,080
Cash and cash equivalents at end of year	\$ 464,212	\$ 382,018
Supplemental schedule of other cash activity:		
Interest paid	\$ 1,184	\$ 0
Operating cash flows from operating leases	202,667	0
Supplemental schedule of noncash operating activities:		
Right of use lease asset obtained in exchange for new operating lease liability	\$ 1,351,532	\$ 0

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 seek, plan, manage and assure the provisions of workforce investment activities, through state-wide and local workforce investment systems that increase the employment, retention, and earnings of participants, and increase occupational skill obtainment by customers, and as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of customers. Currently the corporation oversees Workforce Development Services provided in the nine-county area of Blackford, Delaware, Henry, Jay, Randolph, Wayne, Rush, Fayette, and Union counties in Indiana. Approximately 99% of the total revenue is federal pass-through funding or state funding received from the State of Indiana, Department of Workforce Development for the years ending June 30, 2023 and 2022.

Basis of Presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Classification of Net Assets

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

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

ASG considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Grants Receivable

Grants receivable consists primarily of amounts due from its funding sources for reimbursable expenses incurred in accordance with the related grant awards. ASG considers grants receivable to be fully collectible, and accordingly, no allowance for uncollectible accounts has been recorded.

Revenue Recognition

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor, are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

ASG's grant awards are contributions which are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. ASG capitalizes property and equipment purchased with a cost greater than \$5,000 and a useful life of more than one year. Donations of property and equipment are recorded as support at the estimated fair value on the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Property and equipment purchased with grant funds is overseen by the State of Indiana while used in the programs. The value of this property is not presented in ASG's financial statements since this property is owned by the State of Indiana or the Federal government.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Income Taxes

ASG is a nonprofit corporation organized under Section 501(c)(3) of the Internal Revenue Code and is 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.

Functional Allocation of Costs

The costs of program and supporting services activities have been summarized on a functional basis on the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Other operating costs are allocated based upon utilization.

The State of Indiana Department of Workforce Development has implemented the Workforce Innovation and Opportunity Act requirement to share infrastructure and additional costs associated with the WorkOne Centers through an Infrastructure Funding Agreement (IFA). This agreement establishes the method of allocating costs based on the benefit received by each partner. ASG allocates its portion of the shared costs per its cost allocation plan. For June 30, 2023 and 2022, the partners included in the IFA paid \$141,685 and \$116,004, respectively, of the WorkOne Center costs. The amount of the IFA reimbursement is subject to change dependent on the costs of the WorkOne Centers and the partners included in the IFA.

Change in Accounting Principle

ASU No. 2016-02, *Leases* (Topic 842)

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). ASU 2016-02 is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases on the statement of financial position. This accounting update also requires additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases. ASG adopted this guidance for the year ended June 30, 2023, with modified retrospective application to July 1, 2022 through a cumulative-effect adjustment. ASG has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, ASG accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain a lease under ASC Topic 842, (b) whether the classification of the leases would be different in accordance with ASC Topic 842, or (c) whether any unamortized initial direct costs before transition adjustments (as of June 30, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. Similarly, ASG did not reassess service contracts evaluated for lease treatment under ASC 840 for embedded leases under ASC 842.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Change in Accounting Principle (Continued)

ASU No. 2016-02, *Leases* (Topic 842) (Continued)

As a result of the adoption of the new lease accounting guidance, ASG recognized the following right-of-use (ROU) lease assets and lease liabilities as of July 1, 2022:

Right of use lease asset	\$ 428,493
Lease liability	428,493

This standard did not have a material impact on ASG's net assets or cash flows from operations and had an immaterial impact on ASG's operating results. The most significant impact was the recognition of the ROU assets and lease obligations for operating leases.

ASC 842 Lease Accounting

ASG is a lessee in multiple noncancelable operating leases. If the contract provides ASG the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

ASG has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

For all underlying classes of assets, ASG has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that ASG is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. ASG recognizes short-term lease cost on a straight-line basis over the lease term.

ASG made an accounting policy election for all classes of leases to not separate the lease components of a contract and its associated non-lease components.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subsequent Events

Subsequent events have been evaluated through January 23, 2024, which is the date the financial statements were available to be issued.

Note 2: Concentration of Credit Risk

ASG maintains cash at one financial institution. Account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year balances in this account may exceed the insurance limits. Management believes this financial institution has a strong credit rating and credit risk related to these deposits is minimal.

Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of statement of financial position date, are comprised of the following as of June 30:

	2023	2022
Cash and cash equivalents	\$ 464,212	\$ 382,018
Grants receivable	203,627	522,077
Subtotal financial assets	667,839	904,095
Less: accounts payable restricted for grant expenditures	276,236	475,055
Less: accrued payroll and related expenses	60,283	70,173
Less: refundable advance liability	200,855	192,476
Less: cash and cash equivalents included in net assets with donor restrictions	4,075	3,911
Total	\$ 126,390	\$ 162,480

ASG does not have a formal liquidity policy. ASG can rely on lower balances of available financial assets as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source. ASG has grant commitments for future expenses of approximately \$2,400,000 at June 30, 2023.

Note 4: Grants Receivable

Grants receivable at June 30, 2023 and 2022, consist of \$203,627 and \$522,077 due from the Indiana Department of Workforce Development.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 5: Beneficial Interest in Assets Held by Another/Net Assets With Donor Restrictions

Beneficial interest in assets held by another represents amounts held by the Blackford County Community Foundation (BCCF). BCCF has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding while seeking to preserve the purchasing power of the endowment assets. Endowment assets are invested in a manner to protect principal, grow the aggregate portfolio value in excess of the rate of inflation, and achieve an effective annual rate of return that is equal to or greater than the designated benchmarks for the various types of investment vehicles and to ensure that any risk assumed is commensurate with the given investment vehicles and ASG's objectives.

Changes in the fair value of funds held by BCCF are classified as net assets with donor restrictions. Changes in the endowment fund were as follows:

	2023	2022
Balance at beginning	\$ 10,257	\$ 11,583
Investment earnings (loss)	595	(1,002)
Distributions	(164)	(324)
Balance at end	\$ 10,688	\$ 10,257

Distributions to ASG are to be used for the purpose of helping displaced workers living in Blackford County; therefore, unspent distributions received by ASG totaling \$4,075 and \$3,911 as of June 30, 2023 and 2022, are reported as net assets with donor restrictions until spent.

Note 6: Fair Value Measurements

Financial accounting standards related to fair value measurements describe a fair value hierarchy that includes three levels of inputs to be used to measure fair value. In general, ASG measures fair values determined by Level 1 inputs utilizing quoted market prices in active markets and fair values determined by Level 2 inputs utilizing market information that is observable, such as quoted market prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves. Fair values determined by Level 3 inputs utilize market value of the underlying assets, consisting mainly of securities which are valued based on quoted market prices, based on recent trading activity and other observable market data.

Information regarding the fair value measurements of assets measured on a recurring basis as of June 30, is as follows:

	2023			Total Assets at Fair Value
	Fair Value Measurements Using Level 1	Level 2	Level 3	
Assets:				
Investments at Blackford County Community Foundation	\$ 0	\$ 0	\$ 10,688	\$ 10,688

	2022			Total Assets at Fair Value
	Fair Value Measurements Using Level 1	Level 2	Level 3	
Assets:				
Investments at Blackford County Community Foundation	\$ 0	\$ 0	\$ 10,257	\$ 10,257

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 6: Fair Value Measurements (Continued)

Investments with Blackford County Community Foundation are valued based upon ASG's allocable share in the market value of the underlying investments made by the Foundation as reported to the Foundation by a third-party trustee from published market quotes. The information used to record the fair value of these investments is provided by the Foundation and are considered to be significant unobservable inputs that are not verified by management. See Note 5 for detail of the changes in the Level 3 fair value measurements. There were no assets or liabilities measured on a non-recurring basis during 2023 or 2022.

Note 7: Operating Leases

ASG leases various space for its operations. Some of the leases include one or more renewal options to extend the lease term up to five years. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

ASG's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments and may include variable payments. Variable lease payments are not included in lease payments used to determine the lease liability and are recognized as variable costs when incurred.

Components of lease expense were as follows for the year ended June 30, 2023:

Operating lease cost	\$ 193,481
Short-term lease cost	128,038
Total	\$ 321,519

Weighted-average remaining lease term – operating leases	8.33 years
Weighted-average discount rate – operating leases	3.82%

Maturities of lease liabilities are as follows as of June 30, 2023:

2024	\$ 301,467
2025	280,030
2026	206,040
2027	165,604
2028	165,604
Thereafter	755,907
Total lease payments	\$ 1,874,652
Less: imputed interest	269,475
Total	1,605,177

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 7: Operating Leases (Continued)

Operating leases under ASC 840

Total lease expense for ASG for the year ended June 30, 2022 was \$240,210.

Future minimum lease payments beyond June 30, 2022 (before implementation of ASC 842) are as follows:

2023	\$	238,869
2024		103,800
2025		96,600
2026		42,400
<hr/>		
Total lease payments	\$	481,669

Note 8: Note Payable

During the year ended June 30, 2023, ASG entered into a note payable with a financial institution in the amount of \$50,000, of which \$42,170 was due as of June 30, 2023. Repayments are due upon the lender's demand or consist of regular monthly installment payments equal to 1/60th of the outstanding principal balance plus accrued interest. The interest rate is the prime rate plus 3.00% (11.25% as of June 30, 2023). The borrowings are secured by compensating deposits held at the financial institution.

Note 9: Retirement Plan

ASG has established a retirement plan authorized under Section 403(b) of the Internal Revenue Code that covers all regular employees. The Board of Directors determines the annual contribution, which was 7.5% of eligible wages for the years ended June 30, 2023 and 2022. The total retirement plan expense for the years ended June 30, 2023 and 2022, was \$54,280 and \$48,110.

Note 10: Grant Awards

As of June 30, 2023, ASG had commitments for future funding under various grant awards of approximately \$2,400,000. The revenue relating to these grants is not recognized in the accompanying financial statements as the revenue recognition is conditional on the incurrence of expenditures or the performance of services in the future. As of June 30, 2023, ASG had commitments to its subcontractors of approximately \$200,000.

Note 11: Related Party

A member of the Board of Directors is employed by the Indiana Department of Workforce Development that is the primary funding source for ASG.

Supplementary Information

Alliance for Strategic Growth, Inc.

Schedule A

Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2023

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF LABOR						
WIOA Cluster						
17.258	WIOA2206	WIOA Administration	IN Dept. of Workforce Development	07/01/22-06/30/24	\$ 0	\$ 16,729
17.258	WIOA2206	WIOA Adult	IN Dept. of Workforce Development	07/01/22-06/30/24	247,124	513,566
17.258	WIOA2106	WIOA Administration	IN Dept. of Workforce Development	07/01/21-06/30/23	0	21,243
17.258	WIOA2106	WIOA Adult	IN Dept. of Workforce Development	07/01/21-06/30/23	103,724	214,465
Total Federal Expenditures AL #17.258					350,848	766,003
17.259	WIOA2206	WIOA Administration	IN Dept. of Workforce Development	07/01/22-06/30/24	0	51,450
17.259	WIOA2206	WIOA Youth	IN Dept. of Workforce Development	07/01/22-06/30/24	233,750	569,636
17.259	WIOA2106	WIOA Administration	IN Dept. of Workforce Development	07/01/21-06/30/23	0	2,238
17.259	WIOA2106	WIOA Youth	IN Dept. of Workforce Development	07/01/21-06/30/23	116,248	169,818
17.259	PSG2106	Governor's Reserve Administration	IN Dept. of Workforce Development	09/01/21-03/31/23	0	29,736
17.259	PSG2106	Governor's Reserve	IN Dept. of Workforce Development	09/01/21-03/31/23	50,228	213,992
Total Federal Expenditures AL #17.259					400,226	1,036,870
17.278	WIOA2206	WIOA Administration	IN Dept. of Workforce Development	07/01/22-06/30/24	0	56,679
17.278	WIOA2206	WIOA Dislocated Worker	IN Dept. of Workforce Development	07/01/22-06/30/24	298,391	528,484
17.278	WIOA2106	WIOA Administration	IN Dept. of Workforce Development	07/01/21-06/30/23	0	604
17.278	WIOA2106	WIOA Dislocated Worker	IN Dept. of Workforce Development	07/01/21-06/30/23	146,358	203,451
17.278	PSG2206	Performance Support Grant Administration	IN Dept. of Workforce Development	08/01/22-12/31/23	0	64,416
17.278	RRCOVID2106	Performance Support Grant	IN Dept. of Workforce Development	08/01/22-12/31/23	0	5,439
Total Federal Expenditures AL #17.278					444,749	859,073
Total Federal Expenditures WIOA Cluster AL #17.258, #17.259, #17.278					1,195,823	2,661,946
Employment Service Cluster						
17.207	BC2006	Wagner Peyser	IN Dept. of Workforce Development	07/01/22-06/30/23	0	120,000
17.225	RESEA2106	Unemployment Insurance	IN Dept. of Workforce Development	01/01/21-08/15/23	56,763	82,145
17.225	RESEA2206	Unemployment Insurance Administration	IN Dept. of Workforce Development	01/01/22-09/30/23	0	8,939
17.225	RESEA2206	Unemployment Insurance	IN Dept. of Workforce Development	01/01/22-09/30/23	118,773	155,909
Total Federal Expenditures AL #17.225					175,536	246,993

Alliance for Strategic Growth, Inc.

Schedule A (Continued)

Schedule of Expenditures of Federal Awards and Other Financial Assistance (Continued)

Year Ended June 30, 2023

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Passed Through to Subrecipients	Expenditures
DEPARTMENT OF LABOR (Continued)						
17.274	YB-38196	Youth Build	Direct Funding	05/02/22-09/01/25	\$ 0	\$ 249,740
17.277	ERCOVID	COVID-19 Dislocated Worker / National Emergency Grants	IN Dept. of Workforce Development	09/04/20-05/15/23	63,378	154,522
17.277	DWOP906	COVID-19 Dislocated Worker / National Emergency Grants Administration	IN Dept. of Workforce Development	07/01/19-06/30/23	0	4,324
17.277	DWOP906	COVID-19 Dislocated Worker / National Emergency Grants	IN Dept. of Workforce Development	07/01/19-06/30/23	86,571	166,391
Total Federal Expenditures AL #17.277					149,949	325,237
17.285	ASEDRI	Apprenticeship	IN Dept. of Workforce Development	07/01/19-11/15/22	0	87,223
17.268	RHG-606-20	Rural HealthCare Administrative	Tecumseh Area Partnership, Inc.	02/01/21-01/31/25	0	2,688
17.268	RHG-606-20	Rural HealthCare	Tecumseh Area Partnership, Inc.	02/01/21-01/31/25	26,241	26,241
Total Federal Expenditures AL #17.268					26,241	28,929
DEPARTMENT OF LABOR TOTAL					1,547,549	3,720,068
DEPARTMENT OF EDUCATION						
84.126	PREETS2106	Job's for America's Graduates	IN Dept. of Workforce Development	07/01/21-12/31/22	71,841	71,841
DEPARTMENT OF EDUCATION TOTAL					71,841	71,841
Total Federal Expenditures					\$ 1,619,390	\$ 3,791,909

Alliance for Strategic Growth, Inc.

Schedule A (Continued)

Schedule of Expenditures of Federal Awards and Other Financial Assistance (Continued)

Year Ended June 30, 2023

AL Number	Grant Number	Program Name	Grantor Agency	Program Period	Passed Through to Subrecipients	Expenditures
STATE AND LOCAL PROGRAMS						
N/A	JAG2106	Job's for America's Graduates - State Funds - Administration	IN Dept. of Workforce Development	07/01/21-12/31/22	0	3,410
N/A	JAG2106	Job's for America's Graduates - State Funds	IN Dept. of Workforce Development	07/01/21-12/31/22	1,355	15,901
N/A	JAG2206	Job's for America's Graduates - State Funds - Administration	IN Dept. of Workforce Development	07/01/22-12/31/23	0	30,675
N/A	JAG2206	Job's for America's Graduates - State Funds	IN Dept. of Workforce Development	07/01/22-12/31/23	185,951	224,188
N/A	WRG2106	WorkForce Ready - Administration	IN Dept. of Workforce Development	10/01/21-09/30/23	0	4,057
N/A	WRF2106	WorkForce Ready	IN Dept. of Workforce Development	10/01/21-09/30/23	11,375	11,375
N/A	NLJET2106	Next Level Jobs	IN Dept. of Workforce Development	05/01/21-12/31/23	0	335,445
N/A	NLJET2106	Next Level Jobs	IN Dept. of Workforce Development	05/01/21-12/31/23	0	54,339
N/A	RR2206	Employment and Training Services	IN Dept. of Workforce Development	04/01/23-10/31/23	19,998	23,167
N/A	Muncie ARP	YTH Employment Incentive	Heart of Indiana United Way, Inc.	11/15/21-12/31/24	0	21,450
N/A	N/A	Ball Brothers Foundation	Foundation		0	141
N/A	N/A	General Fund	Unrestricted		0	(5,488)
Total State and Local Expenditures					\$ 218,679	\$ 718,660
Total Expenditures					\$ 1,838,069	\$ 4,510,569

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and other financial assistance (the "Schedule") includes the federal award activity of Alliance for Strategic Growth, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity numbers are presented where available.

Note 3 - 10% De Minimis

Alliance for Strategic Growth, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alliance for Strategic Growth, Inc., (the “Organization”), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 23, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances 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 Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 financial statements. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

January 23, 2024

Independent Auditor’s Report on Compliance for the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited Alliance for Strategic Growth, Inc’s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2023. The Organization’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Alliance for Strategic Growth, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principals, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization’s federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control relevant over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal controls over compliance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 a combination of deficiencies, in internal control 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

January 23, 2024

Alliance for Strategic Growth, Inc.

Schedule of Findings and Questioned Costs Year Ended June 30, 2023

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal program:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No

Identification of major federal program:

<u>Name of Federal Major Program or Cluster</u>	<u>AL No.</u>
<ul style="list-style-type: none">• U.S. Department of Labor	
Workforce Innovation and Opportunity Act (WIOA) Cluster	17.258, 17.259 and 17.278
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Summary of Prior Year Findings

None