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June 3, 2009

Board of Directors
Eastern Indiana Regional Workforce Board, Inc.
122 E. Main, P.O. Box 1856
Muncie, IN 47308

We have reviewed the audit report prepared by Wipfli, LLP, Independent Public Accountants, for the period July 1, 2006 to June 30, 2007. 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 the Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc., as of June 30, 2007, 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.

We call your attention to the finding in the report. Page 17 contains one current audit finding.

STATE BOARD OF ACCOUNTS

**Eastern Indiana Regional Workforce
Board, Inc. and Alliance for Strategic
Growth, Inc.**

Muncie, Indiana

Combined Financial Statements and Additional Information
Year Ended June 30, 2007

Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.

Combined Financial Statements and Additional Information
Year Ended June 30, 2007

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Independent Auditor's Report

Board of Directors
Eastern Indiana Regional Workforce Board, Inc. and
Alliance for Strategic Growth, Inc.
Muncie, Indiana

We have audited the accompanying combined statement of financial position of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. (nonprofit organizations) as of June 30, 2007, and the related combined statements of activities and cash flows for the year then ended. These combined financial statements are the responsibility of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s management. Our responsibility is to express an opinion on these combined 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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. as of June 30, 2007, and the changes in their net assets and their 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 March 24, 2008, on our consideration of Eastern Indiana Regional Workforce Board, Inc. and 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 combined financial statements of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and other financial assistance, Schedule 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 combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.

Wipfli LLP

Wipfli LLP

March 24, 2008
Madison, Wisconsin

Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.

Combined Statement of Financial Position

June 30, 2007

<i>Assets</i>	
Current assets:	
Cash	\$ 355,625
Grants receivable	241,512
Accounts receivable	7,142
Prepaid expenses	6,724
TOTAL ASSETS	\$ 611,003

<i>Liabilities and Net Assets</i>	
Liabilities:	
Accounts payable	\$ 24,778
Subcontractors payable	135,391
Accrued payroll and related expenses	62,567
Grant funds received in advance	259,636
Total liabilities	482,372
Unrestricted net assets	128,631
TOTAL LIABILITIES AND NET ASSETS	\$ 611,003

See accompanying notes to combined financial statements.

Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.

Combined Statement of Activities Year Ended June 30, 2007

Revenue:	
Grant revenue	\$ 4,168,858
Interest	3,487
Total revenue	4,172,345
Expenses:	
Program activities:	
Job training	613,959
Subcontractor expenses	3,463,066
Total program expenses	4,077,025
Support and administration	91,833
Total expenses	4,168,858
Change in unrestricted net assets	3,487
Unrestricted net assets - June 30, 2006	125,144
Unrestricted net assets - June 30, 2007	\$ 128,631

See accompanying notes to combined financial statements.

Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.

Combined Statement of Cash Flows Year Ended June 30, 2007

Increase (decrease) in cash:	
Cash flows from operating activities:	
Change in unrestricted net assets	\$ 3,487
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Grants receivable	(241,512)
Accounts receivable	(7,142)
Prepaid expenses	(6,724)
Accounts payable	24,778
Subcontractors payable	135,391
Accrued payroll and related expenses	62,567
Grant funds received in advance	259,636
Net cash provided by operating activities	230,481
Change in cash	230,481
Cash - June 30, 2006	125,144
Cash - June 30, 2007	\$ 355,625

See accompanying notes to combined financial statements.

Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.

Notes to Combined Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Nature of Operations

Eastern Indiana Regional Workforce Board, Inc. (EIRWB) was organized as a nonprofit corporation on April 17, 2006. EIRWB 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. EIRWB is supported through federal and state grants which are passed through to its designated fiscal agent, Alliance for Strategic Growth, Inc. (ASG).

ASG was organized as a nonprofit corporation on July 30, 2002.

Principles of Consolidation

The combined financial statements include the accounts of EIRWB and ASG, hereinafter referred to as the Organizations. All intercompany transactions and balances have been eliminated for financial statement purposes.

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting.

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 the Organizations 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 the Organizations and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions. Currently, the Organizations do not have any temporarily restricted net assets.

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

Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.

Notes to Combined Financial Statements

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

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.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organizations 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.

Property and Equipment

Property and equipment are capitalized at cost and depreciated over their useful life using the straight-line method. The Organizations capitalize equipment purchased with agency funds with a cost greater than \$5,000 and a useful life of more than one year.

Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.

Notes to Combined 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 the Organizations 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 \$12,585. All items have a unit cost of less than \$5,000. This property and equipment is not reflected in these combined 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 the Organizations' policies.

Income Taxes

ASG is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and Indiana income taxes. EIRWB is a nonprofit organization and is awaiting its tax-exempt status from 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 organization programs, which cannot be readily identified with a final cost objective.

Change in Reporting Entity

In the prior year, ASG's financial statements were combined with East Central Opportunities, Inc. because the two organizations were financially related and had agreements between the two boards. These conditions created an economic interest and control. Effective July 1, 2006, the State of Indiana, Department of Workforce Development reorganized the workforce regions. As a result, the relationship with East Central Opportunities, Inc. changed and the financial statements of the two entities were no longer permitted to be consolidated. The net assets of ASG were \$125,144 at June 30, 2006.

Effective July 1, 2006, ASG entered into an arrangement with EIRWB. EIRWB had no assets as of July 1, 2006; therefore, no restatement of net assets was necessary for this change in reporting entity at June 30, 2006.

Note 2 **Grants Receivable**

Grants receivable at June 30, 2007, from the State of Indiana, Department of Workforce Development was \$241,512.

Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.

Notes to Combined Financial Statements

Note 3 Operating Leases

The Organizations lease various facilities for the operations of their subcontractors. The Organizations are named as the lessee in the lease agreements; however, all the rent payments are made by the subcontractors. The Organizations lease one facility for their administrative office. Rent expense for the Organizations for the year ended June 30, 2007, was \$23,135. Rent expense for the Organizations' subcontractors for the year ended June 30, 2007, was \$479,175. Future minimum lease payments on leases having terms beyond June 30, 2007; are as follows:

2008	\$ 639,296
2009	422,402
2010	294,032
2011	263,504
2012	48,504
Thereafter	12,126
<u>Total</u>	<u>\$ 1,679,864</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 at the time of contribution. The percentage that ASG contributes is calculated using a formula where total contributions paid by ASG on behalf of the employees do not exceed 16% of the employees' salary. The contribution for the year ended June 30, 2007, was \$34,412.

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 \$100,000. Bank balances in excess of \$100,000 are collaterally secured by the bank with government securities. At June 30, 2007, bank balances in excess of both the FDIC and collateral coverage were \$34,213.

Note 6 Grant Awards

At June 30, 2007, the Organizations have commitments to perform services under various grants with contract periods spanning multiple fiscal years of approximately \$3,221,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Additional Information

Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.

Schedule A-1

Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2007

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	RWB-6-06	WIA Adult	Indiana DWD	07/01/06 - 06/30/08	\$ 1,241,968	\$ 973,679
17.258	RWB-6-06	WIA Incentive	Indiana DWD	07/01/06 - 06/30/08	10,721	10,721
17.258	RWB-6-06	WIA Admin.	Indiana DWD	07/01/06 - 06/30/08	150,877	17,877
17.258	NAV-6-06	Navigator	Indiana DWD	08/01/06 - 06/30/08	71,661	34,360
17.258	RR-6-06	Rapid Response TIER 1	Indiana DWD	02/01/07 - 06/30/07	25,000	25,000
17.258	N/A	Transition	Crowe Chizek and Company LLC	07/01/06 - 06/30/07	20,602	20,602
17.258	SSI-6-06	SSI Agri-business - Small Business Support	Indiana DWD	07/01/06 - 06/30/08	166,535	67,479
17.258	SSI-6-06	SSI Entrepreneurship Student- Business Mentor Program	Indiana DWD	07/01/06 - 06/30/08	43,087	<u>14,011</u>
Subtotal 17.258						<u>1,163,729</u>
17.259	RWB-6-06	WIA Youth	Indiana DWD	07/01/06 - 06/30/08	1,649,503	1,217,115
17.259	RWB-6-06	WIA Admin.	Indiana DWD	07/01/06 - 06/30/08	200,386	22,347
17.259	N/A	Transition	Crowe Chizek and Company LLC	07/01/06 - 06/30/07	24,864	24,864
17.259	SSI-6-06	SSI Agri-business - Small Business Support	Indiana DWD	07/01/06 - 06/30/08	204,139	82,717
17.259	SSI-6-06	SSI Entrepreneurship Student- Business Mentor Program	Indiana DWD	07/01/06 - 06/30/08	52,816	<u>17,174</u>
Subtotal 17.259						<u>1,364,217</u>
17.260	RWB-6-06	WIA Dislocated Worker	Indiana DWD	07/01/06 - 06/30/08	1,001,488	957,287
17.260	RWB-6-06	WIA Admin.	Indiana DWD	07/01/06 - 06/30/08	121,663	17,576
17.260	BC-6-06	Business Consultant	Indiana DWD	07/01/06 - 06/30/07	37,000	36,000
17.260	CI-7-RRS-6-06	Rapid Response TIER 2	Indiana DWD	06/01/07 - 06/30/09	642,956	510
17.260	N/A	Transition	Crowe Chizek and Company LLC	07/01/06 - 06/30/07	25,574	25,574
17.260	SSI-6-06	SSI Agri-business - Small Business Support	Indiana DWD	07/01/06 - 06/30/08	166,535	67,479
17.260	SSI-6-06	SSI Entrepreneurship Student- Business Mentor Program	Indiana DWD	07/01/06 - 06/30/08	43,087	<u>14,011</u>
Subtotal 17.260						<u>1,118,437</u>
Subtotal Cluster 17.258, 17.259, and 17.260 (includes subcontractor expenses of \$3,134,040)						<u>3,646,383</u>

Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.

Schedule A-2

Schedule of Expenditures of Federal Awards and Other Financial Assistance Year Ended June 30, 2007

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)						
17.801	IS-6-06	Dis. Veterans' Outreach Program	Indiana DWD	07/01/06 - 06/30/08	12,187	<u>11,105</u>
17.804	IS-6-06	Local Veterans' Emp. Program	Indiana DWD	07/01/06 - 06/30/08	18,840	<u>17,362</u>
17.207	IS-6-06	Wagner Peysner	Indiana DWD	07/01/06 - 06/30/08	163,837	<u>143,579</u>
Subtotal Cluster 17.207, 17.801, and 17.804 (includes subcontractor expenses of \$171,280)						<u>172,046</u>
17.225	IS-4-09	Unemployment Insurance	Indiana DWD	07/01/06 - 06/30/08	98,534	<u>82,996</u>
Total Federal Programs						<u>3,901,425</u>
STATE AND LOCAL PROGRAMS						
N/A	SSI-6-06	SSI High-School Business Plan Competition (includes subcontractor expenses of \$157,746)	Indiana DWD	07/01/06 - 06/30/08	503,626	<u>267,433</u>
TOTAL						<u>\$ 4,168,858</u>

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

This schedule includes the federal grant activity of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. and is prepared on the accrual basis of accounting. 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*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic combined financial statements.



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
Eastern Indiana Regional Workforce Board, Inc. and
Alliance for Strategic Growth, Inc.
Muncie, Indiana

We have audited the combined financial statements of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. (nonprofit organizations) as of and for the year ended June 30, 2007, and have issued our report thereon dated March 24, 2008. 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

In planning and performing our audit, we considered Eastern Indiana Regional Workforce Board, Inc. and 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 combined 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 Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States such that there is more than a remote likelihood that a misstatement of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s combined financial statements that is more than inconsequential will not be prevented or detected by Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 063007-01 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be presented or detected by Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not consider the significant deficiency described above to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s combined 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 Eastern Indiana Regional Workforce Board, Inc. and 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 UP

Wipfli LLP

March 24, 2008
Madison, Wisconsin



Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Directors
Eastern Indiana Regional Workforce Board, Inc. and
Alliance for Strategic Growth, Inc.
Muncie, Indiana

Compliance

We have audited the compliance of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. (nonprofit organizations) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2007. Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s major federal program is 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 its major federal program is the responsibility of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s management. Our responsibility is to express an opinion on Eastern Indiana Regional Workforce Board, Inc. and 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 Eastern Indiana Regional Workforce Board, Inc. and 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 Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s compliance with those requirements.

In our opinion, Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Eastern Indiana Regional Workforce Board, Inc. and 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 major federal programs. In planning and performing our audit, we considered Eastern Indiana Regional Workforce Board, Inc. and 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, 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 Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s internal control over compliance.

A control deficiency in an organization's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the organization's internal control.

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 Eastern Indiana Regional Workforce Board, Inc. and 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 UP

Wipfli LLP

March 24, 2008
Madison, Wisconsin

Eastern Indiana Regional Workforce Board, Inc. and 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 combined financial statements of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.
2. One significant deficiency relating to the audit of the combined 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 combined financial statements of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award program as reported in the Independent Auditor's Report on Compliance With Requirements Applicable to 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 program for Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award program for Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.
7. The program tested as a major program was the Department of Labor CFDA Cluster #17.258, #17.259, and #17.260.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. were determined to be low-risk auditees.

Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.

Schedule of Findings and Questioned Costs

B. Findings – Financial Statements Audit

Finding:

MATERIAL ADJUSTMENTS (063007-01)

Condition

During our audit, Wipfli LLP proposed an adjusting journal entry for grant funds received in advance, which we deem to be material in relation to the combined financial statements. The adjusting journal entry did not have an effect on any major program. Since Alliance for Strategic Growth, Inc.'s internal controls did not discover this adjustment prior to our audit, a significant deficiency exists in Alliance for Strategic Growth, Inc.'s controls over these areas.

Criteria

Government Auditing Standards, January 2007 revision, consider the inability to accurately adjust account balances to be an internal control weakness.

Effect

As a result of not making a material adjustment to the account balances, a significant deficiency weakness exists in internal controls.

Recommendation

We recommend Alliance for Strategic Growth, Inc. implement procedures to provide sufficient internal control over account balance adjustments.

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

Findings: None

Questioned Costs: None