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April 4, 2018

Board of Directors
Alliance for Strategic Growth, Inc.
3301 W. Purdue Ave.
Muncie, IN 47304

We have reviewed the report prepared by Alliance for Strategic Growth, Inc. and opined upon by Dunton & Co., PC, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. 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, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Dunton & Co., PC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The 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

Audited Financial Statements and Additional Information

June 30, 2016



Alliance for Strategic Growth, Inc.
Audited Financial Statements and Additional Information
June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Alliance for Strategic Growth, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016, 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.

Other Matters

Other 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 assistance, as required by *Title 2 U.S. Code of Federal Regulations (CFR) 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 of America. In our opinion, the information 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 March 30, 2017 on our consideration of 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 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 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 Alliance for Strategic Growth, Inc.'s internal control over financial reporting and compliance.

Danton & Co., P.C.

March 30, 2017

Alliance for Strategic Growth, Inc.

Statement of Financial Position
June 30, 2016

ASSETS

	<u>2016</u>
CURRENT ASSETS:	
Cash and cash equivalents	\$ 462,876
Grants receivable	143,439
Accounts receivable	1,125
Endowment	9,488
Prepaid expenses and other assets	<u>79,208</u>
Total current assets	<u>696,136</u>
Total assets	<u><u>\$ 696,136</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	\$ 129,311
Accrued payroll and related expenses	160,883
Deferred revenue	<u>248,713</u>
Total current liabilities	<u>538,907</u>

NET ASSETS	
Unrestricted	145,136
Temporarily restricted	<u>12,093</u>
Total net assets	<u>157,229</u>
Total liabilities and net assets	<u><u>\$ 696,136</u></u>

Alliance for Strategic Growth, Inc.

Statement of Activities and Net Assets For the year ended June 30, 2016

	<u>2016</u>
REVENUE	
Federal and state grants	\$ 3,975,704
Other Income	<u>7,477</u>
	3,983,181
Assets released from restrictions	<u>1,626</u>
Total revenue	<u>3,984,807</u>
EXPENSES	
Program Activities - Customer Related Expenses	
Occupational Training	355,491
On-The-Job Training	4,363
Work Experience	121,019
Supportive servuces	79,881
Subcontractor - ProResources	557,275
WorkOne operations	2,416,392
Endowment expenses	<u>1,626</u>
Total Program Activities	<u>3,536,047</u>
Administration	<u>442,101</u>
Total expenses	<u>3,978,148</u>
Increase (decrease) in unrestricted net assets	<u>6,659</u>
Temporarily restricted	
Endowment income	2,723
Interest income	150
Assets released from restrictions	<u>(1,626)</u>
Increase (decrease) in temporarily restricted net assets	<u>1,247</u>
Increase (decrease) in net assets	7,906
Net assets beginning of the year	<u>149,323</u>
Net assets at the end of the year	<u><u>\$ 157,229</u></u>

See Independent Auditor's Report.

See accompanying notes to financial statements.

Alliance for Strategic Growth, Inc.

Statement of Cash Flows For the year ended June 30, 2016

	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase in net assets	\$ 7,906
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:	
Non cash endowment fund activity	(1,747)
(Increase) decrease in cash from changes in:	
Grants receivable	(23,078)
Accounts receivables	7,055
Prepaid expenses and other assets	(57,031)
Increase (decrease) in cash from changes in:	
Accounts payable	(71,347)
Accrued payroll and related expenses	(47,164)
Deferred revenue	<u>229,502</u>
Net cash provided by operating activities	<u>44,096</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Distributions from endowment fund	<u>3,105</u>
Net cash provided by investing activities	<u>3,105</u>
Increase in cash and cash equivalents	47,201
Cash and cash equivalents, beginning of year	<u>415,675</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 462,876</u></u>

See Independent Auditor's Report.

See accompanying notes to financial statements.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

June 30, 2016

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. For the fiscal year ending June 30, 2016 approximately 99% of the total revenue is federal pass-through funding or state funding received on behalf of the Region 6 Workforce Board from the State of Indiana, Department of Workforce Development. In December 2015 ASG hired Northeast Indiana Works to provide financial services.

Basis of Presentation

Financial Statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958-210-45, *Financial Statements of Not-for-Profit Organizations*. Under ASB, not-for-profit organizations are required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. At June 30, 2016, ASG had unrestricted net assets and temporarily restricted net assets. At June 30, 2016, the temporarily restricted net assets of \$12,093 were restricted for services to Blackford County Dislocated Workers (\$11,943) and any allowable federal expense (\$150). At June 30, 2016, ASG had \$145,136 in unrestricted net assets.

Grants and Accounts Receivable

Grants and accounts receivable are evaluated as to their collectability annually, if not more frequently, and any anticipated uncollectible accounts are written off when deemed uncollectible.

Property and Equipment

Property and equipment purchased with grant funds is overseen by the State of Indiana while used in the programs overseen by ASG. 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.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give a donation to ASG that is, in substance, unconditional.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

June 30, 2016

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 grant revenue or exchange transactions based on criteria contained in the grant award. ASG only recorded grants as grant revenue for the year ending June 30, 2016.

Grant Awards that are reflected as Grant Revenue

Grant awards that are reimbursement arrangements are recorded as revenue based on revenues earned. Revenue is recognized in the accounting period when the related expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance and are recorded as deferred revenue.

Income Taxes

ASG is a not-for-profit organization under Section 501 © (3) of the Internal Revenue Code and is exempt from federal and Indiana income taxes. ASG believes that it has appropriate support for any tax provisions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

ASG's exempt organization income tax returns (Form 990), for the years ended June 30, 2015, 2014 and 2013 are subject to examination by the IRS, generally for three years after the returns have been filed.

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 benefits of the organization's purposes and programs, which cannot be readily identified with the final cost objective.

Cash Equivalents

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

Concentration of Credit Risk

ASG maintains cash balances at one commercial bank. At times, the balances may exceed the FDIC insured limit of \$250,000. ASG believes it is not exposed to any significant credit risk on its cash balances on deposit.

Grants receivable and contracts receivable, as discussed in Note 2, are receivable from Indiana Department of Workforce Development. These receivables are related to Federal grants from or through the U.S. Department of Labor and grants from the state of Indiana. ASG considers these receivables fully collectible and has not experienced any previous losses.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

June 30, 2016

Note 2 Grants Receivable

The grants receivable balance of \$143,439 represents amounts due from Indiana Department of Workforce Development at June 30, 2016.

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, 2016, was \$668,519. Future minimum lease payments on leases having terms beyond June 30, 2016, are as follows:

June 30, 2017	\$ 563,347
June 30, 2018	\$ 547,861
June 30, 2019	\$ 402,065
June 30, 2020	\$ 293,665
June 30, 2021	\$ 102,195

Note 4 Retirement Plan

ASG has provides 403(b) tax sheltered annuity retirement plan that covers all regular employees. The Board of Directors determines the annual contribution. There were no employer contributions to the plan during the year ended June 30, 2016.

Note 5 Related Party Transactions

Members of ASG Board of Directors are defined by United States Department of Labor statutes and implementing regulations for the Workforce Innovation and Opportunity Act. The state of Indiana also has defined the membership requirements by state statute and policies. Two members of the Board of Directors are employed by governmental educational institutions that provide training services to customers for programs ASG is administering.

Ivy Tech Community College	\$ 272,920
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Note 6 Evaluation of Subsequent Events

ASG has evaluated subsequent events through March 30, 2017, the date, which the financial statements were available to be issued. There were no material subsequent events that required recognition or disclosure in these financial statements.

Alliance for Strategic Growth, Inc.

Schedule of Expenditures of Federal Awards and Other Financial Assistance
Year Ended June 30, 2016

CFDA #	Grant Number	Program Name	Program Period	Expenditures
Department of Labor Pass-Through the Indiana Department of Workforce Development				
17.258	WIB406	WIA Adult	07.01.14 to 06.30.16	\$ 201,212
17.258	WIB406	WIA Administration	07.01.14 to 06.30.16	24,217
17.258	WIB506	WIOA Adult	07.01.15 to 06.30.16	592,034
17.258	WIB506	WIOA Administration	07.01.15 to 06.30.16	64,202
		Subtotal 17.258		881,665
17.259	WIB406	WIA Youth	07.01.14 to 06.30.16	263,549
17.259	WIB406	WIA Administration	07.01.14 to 06.30.16	28,476
17.259	WIB506	WIOA Youth	07.01.15 to 06.30.16	565,657
17.259	WIB506	WIOA Administration	07.01.15 to 06.30.16	71,859
		Subtotal 17.259		929,541
17.278	WIB406	WIA Dislocated Worker	07.01.14 to 06.30.16	216,414
17.278	WIB406	WIA Administration	07.01.14 to 06.30.16	26,436
17.278	WIB506	WIOA Dislocated Worker	07.01.15 to 06.30.16	220,000
17.278	WIB506	WIOA Dislocated Worker	07.01.15 to 06.30.16	382,113
17.278	WIB506	WIOA Administration	07.01.15 to 06.30.16	65,393
17.278	RR506	WIA Rapid Response	10.01.15 to 11.30.16	47,114
17.278	IS406	WIA Dislocated Worker	10.01.14 to 09.30.16	7,766
17.278	BC506	WIA Dislocated Worker	07.01.15 to 06.30.16	24,000
17.278	BC506	WIA Rapid Response	07.01.15 to 06.30.16	9,600
17.278	BC506	WIOA Dislocated Worker	07.01.15 to 06.30.16	36,000
17.278	BC506	WIOA Rapid Response	07.01.15 to 06.30.16	14,400
		Subtotal 17.278		1,049,236
		Subtotal WIA/WIOA Cluster 17.258, 17.259 and 17.278		2,860,442

See Independent Auditor's Report on page 1.
See accompanying notes to the schedule.

Alliance for Strategic Growth, Inc.

Schedule of Expenditures of Federal Awards and Other Financial Assistance
Year Ended June 30, 2016

CFDA #	Grant Number	Program Name	Program Period	Expenditures
17.225	IS406	Unemployment Insurance	10.01.14 to 09.30.16	119,178
17.225	IS406	Unemployment Insurance REA	10.01.14 to 09.30.16	51,927
		Subtotal 17.225		171,105
17.207	IS406	Wagner Peyser	10.01.14 to 09.30.16	237,438
17.207	BC506	Wagner Peyser	07.01.15 to 06.30.16	14,400
17.207	BC506	Wagner Peyser	07.01.15 to 06.30.16	21,600
17.207	DEIDC406	Disability Employment Initiative	10.01.14-09.30.15	1,402
		Subtotal 17.207		274,840
17.801	IS406	Veterans Outreach Program	10.01.14 to 09.30.16	44,898
17.804	IS406	Veterans Employment Program	10.01.14 to 09.30.16	19,037
		Subtotal Employment Service Cluster 17.207, 17.801 and 17.804		338,775
17.277	NEGDWT306	National Emergency Grant	07.01.13 to 06.30.16	53,305
17.277	SPDWG506	Veterans Education and Employment	07.01.15 to 06.30.17	1,250
17.277	SPDWG506	Veterans Education and Employment-Admin	07.01.15 to 06.30.17	173
		Subtotal 17.277		54,728
17.245	IS406	Trade Adjustment Act	10.01.14 to 09.30.16	3,290
17.245	TAACM506	Trade Adjustment Act	04.01.16 to 06.30.16	7,133
17.245	TAACM506	Trade Adjustment Act-Administration	04.01.16 to 06.30.16	58
		Subtotal 17.245		10,481

See Independent Auditor's Report on page 1.
See accompanying notes to the schedule.

Alliance for Strategic Growth, Inc.

Schedule of Expenditures of Federal Awards and Other Financial Assistance
Year Ended June 30, 2016

CFDA #	Grant Number	Program Name	Program Period	Expenditures
17.281	WIAT506	WIA Incentive	01.01.16 to 06.30.17	5,000
<i>Total federal funds from the U.S. Department of Labor</i>				<u>3,440,531</u>
Department of Health and Human Services Pass-Through the Indiana Department of Workforce Development				
93.558	JAGT506	Jobs for America's Graduates-TANF	07.01.15 to 03.31.17	19,712
<i>Total federal funds from the U.S. Department of Health and Human Services</i>				<u>19,712</u>
Total Federal Programs				3,460,243
CFDA #	Grant Number	Program Name	Program Period	Expenditures
State and Local Programs				
N/A	JAG506	Jobs for America's Graduates	07.01.14 to 12.31.15	375,928
N/A	JAG506	Jobs for America's Graduates-Administration	07.01.14 to 12.31.15	37,593
N/A	WIN406	Work Indiana	07.01.14 to 09.30.15	18,402
N/A	WIN506	Work Indiana	07.01.15 to 06.30.16	68,109
N/A	WIN506	Work Indiana-Administratin	07.01.15 to 06.30.16	5,793
N/A	CTE506	Staff Support for ICC Implementation	10.01.15 to 12.31.16	4,137
NA	MFRI	MFRI	NA	500
NA	Ball Brothers	Staff Training	NA	5,000
NA	NA	Investment	07.01.15 to 06.30.16	1,626
NA	General Fund	General Fund	07.01.15 to 06.30.16	817
Subtotal State and Local Programs				517,905
Total Federal Financial Assistance and other Assistance				<u>\$ 3,978,148</u>

See Independent Auditor's Report on page 1.
See accompanying notes to the schedule.

Alliance for Strategic Growth, Inc.

Notes to the Schedule of Expenditures of Federal Awards and Other Financial Assistance
For the Year Ended June 30, 2016

Note 1. Basis of Presentation

This schedule includes the federal grant activity of Alliance for Strategic Growth, Inc. and is presented on the accrual basis of accounting, which is described in Note 1 to the Alliance for Strategic Growth, Inc.'s financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance section 200.510(b). The schedule presents only a selected portion of information included on the statement of activities; 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.

The schedule has been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), and accordingly includes accrued expenses for each program.

Note 3. De Minimis Indirect Cost Rate

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

Note 4. Pass Through Grants

Alliance for Strategic Growth, Inc. did not pass through any grant funds to a subrecipient, performing program activities.



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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*

To the Board of Directors of
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. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alliance for Strategic Growth, Inc. 's internal control over financial reporting (internal control) to determine 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 Alliance for Strategic Growth, Inc. 's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alliance for Strategic Growth, Inc. '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 a 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alliance for Strategic Growth, Inc. '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 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*.

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.

Dunton & Co., P.C.

March 30, 2017



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Alliance for Strategic Growth, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Alliance for Strategic Growth, Inc.'s major federal programs for the year ended June 30, 2016. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Alliance for Strategic Growth, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Alliance for Strategic Growth, Inc.'s compliance.

Opinion on Each Major Federal Program

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 each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Alliance for Strategic Growth, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Alliance for Strategic Growth, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Dunton & Co., P.C.

March 30, 2017

Alliance for Strategic Growth, Inc.

Schedule of Findings and Questioned Costs

Annual Audit June 30, 2016

Section I: Summary of Auditor's Results

Financial Statements

What were the results of the auditor's determination whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Is a "going concern" emphasis-of-matter paragraph
Included in the auditor's report? No

Internal Control over financial reporting:

- Significant Deficiency Disclosed? No
- Material Weakness Disclosed? No

Noncompliance material to
Financial statements disclosed? No

Federal Awards

Internal Control over Major Federal Programs:

- Significant Deficiency Disclosed? No
- Material Weakness Disclosed? No

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required
To be reported in accordance with 2 CFR 200.516(a)? No

Identification of Major Federal Programs:

17.258, 17.259 and 17.278 WIA/WIOA Cluster

Alliance for Strategic Growth, Inc.

Schedule of Findings and Questioned Costs

Annual Audit June 30, 2016

Dollar threshold used to distinguish between
Type A and Type B programs:
\$750,000

Auditee qualified as a low-risk auditee? Yes

Were Prior Audit Findings related to direct funding
Shown in the Summary Schedule of Prior Audit Findings? None

Indicate which Federal agency(ies) have current year audit
Findings related to direct funding or prior audit findings
Shown in the Summary Schedule of Prior Audit Findings
related to direct funding. None

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

Findings: None

Questioned Costs: None