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April 18, 2019

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

We have reviewed the audit report of Alliance for Strategic Growth, Inc. which was opined upon by Dunton & Co., PC, Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. 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, 2018 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 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 blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

Alliance for Strategic Growth, Inc.

Muncie, Indiana

Audited Financial Statements and Additional Information

June 30, 2018 and 2017



Alliance for Strategic Growth, Inc.
Audited Financial Statements and Additional Information
June 30, 2018 and 2017

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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 statements of financial position as of June 30, 2018 and 2017, 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, 2018 and 2017, 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 20, 2019 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 20, 2019

Alliance for Strategic Growth, Inc.

Statements of Financial Position
June 30, 2018 and 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 402,103	\$ 327,649
Grants receivable	271,984	490,581
Accounts receivable	2,164	-
Endowment	10,761	9,797
Prepaid expenses	65,944	93,931
	<u>752,956</u>	<u>921,958</u>
Total current assets		
	<u>752,956</u>	<u>921,958</u>
Total assets	<u>\$ 752,956</u>	<u>\$ 921,958</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 150,530	\$ 259,581
Accrued payroll and related expenses	54,703	109,618
Deferred revenue	352,216	399,378
	<u>557,449</u>	<u>768,577</u>
Total current liabilities		
	<u>557,449</u>	<u>768,577</u>
NET ASSETS		
Unrestricted	182,058	140,495
Temporarily restricted	13,449	12,886
	<u>195,507</u>	<u>153,381</u>
Total net assets		
	<u>195,507</u>	<u>153,381</u>
Total liabilities and net assets	<u>\$ 752,956</u>	<u>\$ 921,958</u>

Alliance for Strategic Growth, Inc.

Statements of Activities and Net Assets
For the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
REVENUE		
Federal and state grants	\$ 3,069,869	\$ 4,575,411
Other Income	<u>66,959</u>	<u>10,759</u>
	3,136,828	4,586,170
Assets released from restrictions	<u>207</u>	<u>199</u>
Total revenue	<u>3,137,035</u>	<u>4,586,369</u>
EXPENSES		
Program Activities - Customer Related Expenses		
Occupational Training	76,402	709,074
On-The-Job Training	11,769	21,851
Work Experience	193,433	141,780
Supportive services	60,227	62,265
Subcontractors	608,128	505,498
WorkOne operations	1,775,689	2,803,729
Endowment expenses	<u>207</u>	<u>199</u>
Total Program Activities	<u>2,725,855</u>	<u>4,244,396</u>
Administration	<u>369,617</u>	<u>346,614</u>
Total expenses	<u>3,095,472</u>	<u>4,591,010</u>
Increase (decrease) in unrestricted net assets	<u>41,563</u>	<u>(4,641)</u>
Temporarily restricted		
Endowment income	728	952
Interest income	42	40
Assets released from restrictions	<u>(207)</u>	<u>(199)</u>
Increase (decrease) in temporarily restricted net assets	<u>563</u>	<u>793</u>
Increase (decrease) in net assets	42,126	(3,848)
Net assets beginning of the year	<u>153,381</u>	<u>157,229</u>
Net assets at the end of the year	<u>\$ 195,507</u>	<u>\$ 153,381</u>

Alliance for Strategic Growth, Inc.

Statements of Cash Flows For the years ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 42,126	\$ (3,848)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Non cash endowment fund activity	(964)	(618)
(Increase) decrease in cash from changes in:		
Grants receivable	218,597	(347,142)
Accounts receivables	(2,164)	1,125
Prepaid expenses and other assets	27,987	(14,723)
Increase (decrease) in cash from changes in:		
Accounts payable	(109,051)	130,270
Accrued payroll and related expenses	(54,915)	(51,265)
Deferred revenue	(47,162)	150,665
	74,454	(135,536)
CASH FLOWS FROM INVESTING ACTIVITIES		
Distributions from endowment fund	-	309
	-	309
Net cash provided by investing activities		
Increase (decrease) in cash and cash equivalents	74,454	(135,227)
Cash and cash equivalents, beginning of year	327,649	462,876
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 402,103	\$ 327,649

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

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 years ending June 30, 2018 and 2017 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 and Indiana Office of Community & Rural Affairs. In December 2015, ASG hired Northeast Indiana Works to provide financial services through June 30, 2018.

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 ASC, 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, 2018 and 2017, ASG had both unrestricted net assets and temporarily restricted net assets of \$13,449 and \$12,886, respectively. At June 30, 2018, the temporarily restricted net assets of \$13,217 were restricted for services to Blackford County Dislocated Workers and any allowable federal expense (\$232). At June 30, 2017, the temporarily restricted net assets of \$12,363 were restricted for services to Blackford County Dislocated Workers and any allowable federal expense (\$190). At June 30, 2018 and 2017, ASG had \$182,058 and \$140,495 in unrestricted net assets, respectively.

In August 2016, the Financial Accounting Standards Board issued an Accounting Standards Update 2016-14: Presentation of Financial Statements of Not for Profit Entities, which affects all not-for-profit organizations. The amendments in this update are effective for fiscal years beginning after December 15, 2017. This will affect the presentation of the financial statements and footnotes for the year beginning July 1, 2018.

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.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

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.

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 years ending June 30, 2018 and 2017.

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 (c) (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, 2017, 2016 and 2015 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.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

During the fiscal year ended June 30, 2018, the State of Indiana Department of Workforce Development 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, 2018, the partners included in the IFA paid \$159,905 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.

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.

Note 2 Grants Receivable

The grants receivable balances of \$271,984 and \$490,581 represents amounts primarily due from Indiana Department of Workforce Development at June 30, 2018 and June 30, 2017 as follows:

	<u>2018</u>	<u>2017</u>
Indiana Department of Workforce Development	\$ 271,984	\$ 490,181
Other	<u>-</u>	<u>400</u>
	<u>\$ 271,984</u>	<u>\$ 490,581</u>

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

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. ASG cancelled or re-negotiated some office leases during the year ending June 30, 2018 due to funding reductions. Rent expense for ASG for the years ended June 30, 2018 and 2017, was \$299,180 and \$661,960 respectively. Future minimum lease payments as of June 30, 2018 on leases having terms beyond June 30, 2018, are as follows:

June 30, 2019	\$ 150,150
June 30, 2020	\$ 152,263
June 30, 2021	\$ 154,418
June 30, 2022	\$ 156,615
June 30, 2023	\$ 123,658

Note 4 Retirement Plan

ASG provides a 403(b) tax sheltered annuity retirement plan that covers all regular employees. The Board of Directors determines the annual contribution. ASG made \$19,939 and \$-0- employer contributions to the plan during the years ended June 30, 2018 and 2017, respectively.

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. One member of the Board of Directors is employed by Ivy Tech Community College, a governmental educational institution, which provides training services to customers for programs ASG is administering. The amounts paid to Ivy Tech Community College for the years ended June 30, 2018 and 2017 were \$80,615 and \$229,318 respectively.

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

Note 6 Evaluation of Subsequent Events

ASG has evaluated subsequent events through March 20, 2019, the date that 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
For the year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenditures
Department of Housing and Urban Development Pass-Through The Indiana Office of Community & Rural Affairs - Passed Through Randolph County EDC, Indiana				
Communtiy Development Block Grants/State's Program	14.228	RCEDC1-2017	\$ 4,223	\$ 67,995
		Subtotal 14.228	<u>4,223</u>	<u>67,995</u>
Total Department of Housing and Urban Development Expenditures			4,223	67,995
Department of Labor Pass-Through the Indiana Department of Workforce Development Employment Service Cluster				
Employment Service/Wagner-Peyser Funded Activities	17.207	BC-7-06	-	\$ 40,000
		Subtotal 17.207	<u>-</u>	<u>40,000</u>
Total Employment Service Cluster			-	40,000
Unemployment Insurance	17.225	RESEA-6-06	-	96,996
Unemployment Insurance	17.225	RESEA-7-06	2,243	14,285
		Subtotal 17.225	<u>2,243</u>	<u>111,281</u>
Trade Adjustment Assistance	17.245	TAACM-7-06	-	48,207
		Subtotal 17.245	<u>-</u>	<u>48,207</u>
Department of Labor Pass-Through the Indiana Department of Workforce Development for WIOA Cluster				
WIOA Adult Program	17.258	WIB-6-06	-	457,468
WIOA Adult Program	17.258	WIOA-7-06	140,136	538,978
WIOA Adult Program	17.258	BC-7-06	-	36,000
		Subtotal 17.258	<u>140,136</u>	<u>1,032,446</u>
WIOA Youth Activities	17.259	WIB-5-06/6-06	-	167,841
WIOA Youth Activities	17.259	WIOA-7-06	43,814	608,489
		Subtotal 17.259	<u>43,814</u>	<u>776,330</u>
WIOA Dislocated Worker Formula Grants	17.278	WIB-6-06	-	78,483
WIOA Dislocated Worker Formula Grants	17.278	WIOA-7-06	5,810	37,763
WIOA Dislocated Worker Formula Grants	17.278	RR-7-06	-	3,207
WIOA Dislocated Worker Formula Grants	17.278	BC-7-06	-	44,000
		Subtotal 17.278	<u>5,810</u>	<u>163,453</u>

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
 For the year ended June 30, 2018

<i>Total WIOA Cluster</i>			<u>189,760</u>	<u>1,972,229</u>
Total Department of Labor Expenditures			<u>192,003</u>	<u>2,171,717</u>
Department of Health and Human Services Pass-Through the Indiana Department Workforce Development TANF Cluster				
Temporary Assistance for Needy Families	93.558	WINTANF-7-06		3,175
Temporary Assistance for Needy Families	93.558	JAGT-5-06/7-06	-	132,856
		Subtotal 93.558	<u>-</u>	<u>136,031</u>
Total Department of Health and Human Services Expenditures - TANF Cluster			<u>-</u>	<u>136,031</u>
Total Expenditures of Federal Awards			<u>196,226</u>	<u>2,375,743</u>

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Expenses
Jobs for Americas Graduates/State Funds	N/A	JAG-6-06/7-06	29,741	679,013
WorkINDiana/State Funds	N/A	WIN-6-06/7-06	-	15,113
Ball Brothers	N/A	N/A	-	22,500
ASG Unrestricted	N/A	N/A	-	2,896
Blackford Community Foundation	N/A	N/A	-	207
		Total Other Activity	<u>\$ 29,741</u>	<u>\$ 719,729</u>
		TOTALS	<u>\$ 225,967</u>	<u>\$ 3,095,472</u>

Alliance for Strategic Growth, Inc.

Notes to the Schedule of Expenditures of Federal Awards and Other Financial Assistance For the Year Ended June 30, 2018

Note 1. Basis of Presentation

The Schedule of Expenditures of Federal Awards and Other Financial Assistances includes the federal grant activity of Alliance for Strategic Growth, Inc. (ASG). 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. Community Development Block Grant

The ASG has a professional services contract with Randolph County Economic Development Corporation, which is funded by Community Development Block Grant and local community funds. The total expenditures under the contract is reported as Community Development Block Grant funds.

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 statements of financial position as of June 30, 2018 and 2017, 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, and have issued our report thereon dated March 20, 2019.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. . 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 20, 2019

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, 2018. 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, 2018.

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 20, 2019

Alliance for Strategic Growth, Inc.

Schedule of Findings and Questioned Costs

Annual Audit June 30, 2018

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 WIOA Cluster

Alliance for Strategic Growth, Inc.

Schedule of Findings and Questioned Costs

Annual Audit June 30, 2018

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