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April 20, 2020

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 Wipfli LLP, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. 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, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

Alliance for Strategic Growth, Inc.

Muncie, Indiana

Financial Statements and Supplementary Information
Years Ended June 30, 2019 and 2018

Alliance for Strategic Growth, Inc.

Financial Statements and Supplementary Information
Years Ended June 30, 2019 and 2018

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Independent Auditor's Report

Board of Directors
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., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

Adjustments to Prior Period Financial Statements

The financial statements of Alliance for Strategic Growth, Inc. as of June 30, 2018 were audited by other auditors whose report dated March 20, 2019 expressed an unmodified opinion on those statements. As discussed in Note 1 to the financial statements, Alliance for Strategic Growth, Inc. has adjusted its 2018 financial statements to retrospectively apply the change in accounting for Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities – Presentation of Financial Statements for Not-for-Profit Entities*. The other auditors reported on the financial statements before the retrospective adjustment. As part of our audit of the 2019 financial statements, we also audited the adjustments to the 2018 financial statements to retroactively apply the change in accounting as described in Note 1. In our opinion, such adjustments were appropriate and have been properly applied. We were not engaged to audit, review or apply any procedures to Alliance for Strategic Growth, Inc.'s 2018 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 financial statements as a whole.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Alliance for Strategic Growth, Inc. adopted the amendments in ASU No. 2016-14 as of and for the year ended June 30, 2019. The amendments have been applied on a retrospective basis with the exception of the omission of certain information as permitted by the ASU.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and other financial assistance, which is required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the 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 February 25, 2020, 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 solely to describe the scope of our testing on the effectiveness of Alliance for Strategic Growth, Inc.'s 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* in considering Alliance for Strategic Growth, Inc.'s internal control over financial reporting and compliance.



Wipfli LLP

February 25, 2020
Madison, Wisconsin

Alliance for Strategic Growth, Inc.

Statements of Financial Position

June 30, 2019 and 2018

	<i>Assets</i>	2019	2018
Current assets:			
Cash and cash equivalents		\$ 247,697	\$ 402,103
Grants receivable		409,955	271,984
Accounts receivable		4,947	2,164
Prepaid expenses		57,854	65,944
Total current assets		720,453	742,195
Other assets:			
Beneficial interest in assets held by another		10,049	10,761
TOTAL ASSETS		\$ 730,502	\$ 752,956
<i>Liabilities and Net Assets</i>			
Current liabilities:			
Accounts payable		\$ 249,611	\$ 150,530
Accrued payroll and related expenses		45,842	54,703
Grant funds received in advance		187,389	352,216
Total current liabilities		482,842	557,449
Net assets:			
Without donor restrictions		234,624	182,058
With donor restrictions		13,036	13,449
Total net assets		247,660	195,507
TOTAL LIABILITIES AND NET ASSETS		\$ 730,502	\$ 752,956

See accompanying notes to financial statements.

Alliance for Strategic Growth, Inc.

Statements of Activities

Years Ended June 30, 2019 and 2018

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Grant revenue	\$ 3,396,360	\$ 0	\$ 3,396,360
Other revenue	61,003	0	61,003
Net assets released from restrictions	413	(413)	0
Total revenue	3,457,776	(413)	3,457,363
Expenses:			
Program activities:			
WIOA adult	429,507	0	429,507
WIOA youth	680,773	0	680,773
WIOA dislocated worker	688,086	0	688,086
Job's for America's Graduates	576,377	0	576,377
Wagner Peysner	120,000	0	120,000
Unemployment insurance	222,366	0	222,366
Other program activities	110,890	0	110,890
Total program expenses	2,827,999	0	2,827,999
Management and general	577,211	0	577,211
Total expenses	3,405,210	0	3,405,210
Change in net assets	52,566	(413)	52,153
Net assets at beginning of year	182,058	13,449	195,507
Net assets at end of year	\$ 234,624	\$ 13,036	\$ 247,660

See accompanying notes to financial statements.

Alliance for Strategic Growth, Inc.

Statements of Activities (Continued)

Years Ended June 30, 2019 and 2018

	2018		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue:			
Grant revenue	\$ 3,069,869	\$ 0	\$ 3,069,869
Other revenue	66,959	770	67,729
Net assets released from restrictions	207	(207)	0
Total revenue	3,137,035	563	3,137,598
Expenses:			
Program activities:			
WIOA adult	963,710	0	963,710
WIOA youth	675,503	0	675,503
WIOA dislocated worker	72,609	0	72,609
Job's for America's Graduates	751,704	0	751,704
Wagner Peysner	40,000	0	40,000
Unemployment insurance	101,301	0	101,301
Other program activities	121,028	0	121,028
Total program expenses	2,725,855	0	2,725,855
Management and general	369,617	0	369,617
Total expenses	3,095,472	0	3,095,472
Change in net assets	41,563	563	42,126
Net assets at beginning of year	140,495	12,886	153,381
Net assets at end of year	\$ 182,058	\$ 13,449	\$ 195,507

Alliance for Strategic Growth, Inc.

Statement of Functional Expenses Year Ended June 30, 2019

	2019			2018	
	Program Services	Management & General	Total	Total	
Expenses:					
Salaries, wages and employee benefits	\$ 506,107	\$ 297,487	\$ 803,594	\$	1,150,577
Training and travel	27,899	2,357	30,256		53,208
Occupancy	220,547	26,700	247,247		327,388
Communications	24,874	11,882	36,756		89,477
Insurance	0	14,779	14,779		18,128
Supplies	123,886	6,362	130,248		72,761
Professional services	113,774	211,085	324,859		452,511
Dues and subscriptions	16,618	373	16,991		10,650
Miscellaneous	4,881	6,186	11,067		23,409
Client services	0	0	0		273,202
Subcontractor	1,789,413	0	1,789,413		624,161
Total expenses	\$ 2,827,999	\$ 577,211	\$ 3,405,210	\$	3,095,472

Alliance for Strategic Growth, Inc.

Statements of Cash Flows

Years Ended June 30, 2019 and 2018

	2019	2018
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Changes in net assets	\$ 52,153	\$ 42,126
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Change in beneficial interest in assets held by another	712	(964)
Changes in operating assets and liabilities:		
Grants receivable	(137,971)	218,597
Accounts receivable	(2,783)	(2,164)
Prepaid expenses	8,090	27,987
Accounts payable	99,081	(109,051)
Accrued payroll and related expenses	(8,861)	(54,915)
Grant funds received in advance	(164,827)	(47,162)
Net cash (used in) provided by operating activities	(154,406)	74,454
Changes in cash and cash equivalents	(154,406)	74,454
Cash and cash equivalents at beginning of year	402,103	327,649
Cash and cash equivalents at end of year	\$ 247,697	\$ 402,103

See accompanying notes to financial statements.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Alliance for Strategic Growth, Inc. (ASG) was organized as a nonprofit corporation on July 30, 2002. ASG was formed to seek, plan, manage and assure the provisions of workforce investment activities, through state wide and local workforce investment systems that increase the employment, retention, and earnings of participants, and increase occupational skill obtainment by customers, and as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of customers. Currently the corporation oversees Workforce Development Services provided in the nine-county area of Blackford, Delaware, Henry, Jay, Randolph, Wayne, Rush, Fayette, and Union counties in Indiana. For the years ending June 30, 2019 and 2018 approximately 96% and 98% of the total revenue is federal pass-through funding or state funding received from the State of Indiana, Department of Workforce Development.

Basis of Presentation

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

Classification of Net Assets

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

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

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in accordance 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.

Cash and Cash Equivalents

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

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to ASG that is, in substance, unconditional. Contributions received are recorded as with or without donor restriction, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restriction are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If the restriction is satisfied in the period of contribution, the contribution is recorded as revenue without donor restriction.

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

Income Taxes

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

ASG is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. ASG has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Costs

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

Change in Accounting Policy

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958)*. This ASU provides certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. This guidance was adopted effective July 1, 2018 and was applied retrospectively with the exception of certain omissions permitted by the ASU. The 2018 financial statements were restated to change the terminology of net assets. Previously reported temporarily restricted net assets of \$13,449 at June 30, 2018, are now reported as net assets with donor restrictions. Previously reported unrestricted net assets of \$182,058 at June 30, 2018, are now reported as net assets without donor restriction.

New Accounting Pronouncements

On June 21, 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2018, for transactions in which the entity serves as the resource recipient and for fiscal years beginning after December 15, 2019, for transactions in which the entity services as the resource provider. Early application of the amendments in this update is permitted. ASG is evaluating the impact of the provisions of ASU Topic 958.

In 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard replaces the current revenue recognition requirements and most industry-specific guidance. When adopted, the amendments in this ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. ASG is currently evaluating the impact of the provisions of ASU Topic 606.

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. ASG is evaluating the impact of the provisions of ASU Topic 842.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Reclassifications

Program activity categories as previously reported in the 2018 financial statements have been reclassified to conform to 2019 presentation. Such reclassifications have no effect on reported amounts of net assets or changes in net assets.

Subsequent Event

Subsequent events have been evaluated through February 25, 2020, which is the date the financial statements were available to be issued.

Note 2: Concentration of Credit Risk

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

Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of statement of financial position date, comprise the following for ASG as of June 30, 2019:

Cash and cash equivalents	\$	247,697
Grants receivable		409,955
<u>Accounts receivable</u>		<u>4,947</u>
Subtotal financial assets		662,599
Less: accounts payable	(249,611)
Less: accrued payroll and related expenses	(45,842)
Less: grant funds received in advance	(187,389)
<u>Less: cash and cash equivalents included in net assets with donor restrictions</u>	<u>(</u>	<u>2,987)</u>
<u>Total</u>	<u>\$</u>	<u>176,770</u>

ASG does not have a formal liquidity policy. ASG can rely on lower balances of available financial assets as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source. ASG has grant commitments for future expenses of approximately \$1,645,000 at June 30, 2019.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 4: Grants Receivable

Grants receivable at June 30, 2019 and 2018 consist of \$409,955 and \$271,984 due from the Indiana Department of Workforce Development.

Note 5: Beneficial Interest in Assets Held by Another

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

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

	2019	2018
Balance at beginning	\$ 10,761	\$ 9,797
Investment earnings (loss)	(413)	964
Distributions	(299)	0
Balance at end	\$ 10,049	\$ 10,761

Distributions to ASG are to be used for the purpose of helping displaced workers living in Blackford County; therefore, unspent distributions received by ASG totaling \$2,987 and \$2,688 as of June 30, 2019 and 2018 are reported as net assets with donor restrictions until spent.

Note 6: Fair Value Measurements

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

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 6: Fair Value Measurements (Continued)

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

	2019			Total Assets at Fair Value
	Fair Value Measurements Using Level 1	Level 2	Level 3	
Assets:				
Investments at Blackford County Community Foundation	\$ 0	\$ 0	\$ 10,049	\$ 10,049

	2018			Total Assets at Fair Value
	Fair Value Measurements Using Level 1	Level 2	Level 3	
Assets:				
Investments at Blackford County Community Foundation	\$ 0	\$ 0	\$ 10,761	\$ 10,761

Investments with Blackford County Community Foundation are valued based on the market value of the underlying assets, consisting mainly of equity securities and fixed income securities which are valued based on quoted market prices based on recent trading activity and other observable market data. See Note 5 for detail of the changes in the Level 3 fair value measurements. There were no assets or liabilities measured on a non-recurring basis during 2019 or 2018.

Note 7: Operating Leases

ASG leases certain buildings and equipment under several operating leases. Total lease expense for ASG for the years ended June 30, 2019 and 2018, was \$240,624 and \$299,180.

Future minimum lease payables are as follows:

2020	\$ 173,139
2021	157,487
2022	156,616
2023	123,658
2024	38,363
Total	\$ 649,263

Note 8: Pension Plan

ASG has established a retirement plan authorized under Section 403(b) of the Internal Revenue Code that covers all regular employees. The Board of Directors determines the annual contribution. The total pension expense for the years ended June 30, 2019 and 2018, was \$14,749 and \$19,939.

Alliance for Strategic Growth, Inc.

Notes to Financial Statements

Note 9: Grant Awards

At June 30, 2019, ASG had commitments for future funding under various grant awards of approximately \$1,645,000. The revenue relating to these grants is not recognized in the accompanying financial statements as the revenue recognition is conditional on the incurrence of expenditures or the performance of services in the future. At June 30, 2019, ASG had commitments to its subcontractor of approximately \$250,000.

Note 10: Related Party

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

Supplementary Information

Alliance for Strategic Growth, Inc.

Schedule A

Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2019

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Passed Through to Subrecipients	Federal Expenditures
DEPARTMENT OF LABOR						
WIOA Cluster						
17.258	WIOA806	WIOA Administration	IN Dept. of Workforce Development	07/01/18-06/30/20	90,475	\$ 181,813
17.258	WIOA706	WIOA Adult	IN Dept. of Workforce Development	07/01/17-06/30/19	254,288	380,486
17.258	WIOA806	WIOA Adult	IN Dept. of Workforce Development	07/01/18-06/30/20	0	49,021
Total Federal Expenditures CFDA #17.258					344,763	611,320
17.259	WIOA806	WIOA Administration	IN Dept. of Workforce Development	07/01/18-06/30/20	0	66,707
17.259	WIOA706	WIOA Youth	IN Dept. of Workforce Development	07/01/17-06/30/19	151,828	197,953
17.259	WIOA806	WIOA Youth	IN Dept. of Workforce Development	07/01/18-06/30/20	371,718	482,820
Total Federal Expenditures CFDA #17.259					523,546	747,480
17.278	WIOA706	WIOA Administration	IN Dept. of Workforce Development	07/01/17-06/30/19	0	32,807
17.278	WIOA806	WIOA Administration	IN Dept. of Workforce Development	07/01/18-06/30/20	0	18,585
17.278	WIOA706	WIOA Dislocated Worker	IN Dept. of Workforce Development	07/01/17-06/30/19	258,401	383,505
17.278	WIOA806	WIOA Dislocated Worker	IN Dept. of Workforce Development	07/01/18-06/30/20	92,498	276,814
17.278	RR706	WIOA Rapid Response	IN Dept. of Workforce Development	02/01/18-12/31/19	12,981	27,767
Total Federal Expenditures CFDA #17.278					363,880	739,478
Total Federal Expenditures WIOA Cluster CFDA #17.258, #17.259, #17.278					1,232,189	2,098,278
Employment Service Cluster						
17.207	BC806	Wagner Peysner	IN Dept. of Workforce Development	07/01/18-06/30/19	51,956	120,000
Total Federal Expenditures Employment Service Cluster CFDA #17.207					51,956	120,000
17.225	RESEA706	Unemployment Insurance - Administration	IN Dept. of Workforce Development	01/01/18-09/30/19	0	8,226
17.225	RESEA706	Unemployment Insurance	IN Dept. of Workforce Development	01/01/18-09/30/19	153,246	221,748
17.225	RESEA906	Unemployment Insurance	IN Dept. of Workforce Development	01/01/19-08/15/20	0	618
Total Federal Expenditures CFDA #17.225					153,246	230,592

Alliance for Strategic Growth, Inc.

Schedule A (Continued)

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

Year Ended June 30, 2019

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Passed Through to Subrecipients	Expenditures
DEPARTMENT OF LABOR (Continued)						
17.245	TAACM706	Trade Adjustment Act	IN Dept. of Workforce Development	07/01/17-08/31/18	0	149
17.245	TAACM806	Trade Adjustment Act	IN Dept. of Workforce Development	07/01/18-08/31/19	0	744
Total Federal Expenditures CFDA #17.245					0	893
DEPARTMENT OF LABOR TOTAL					1,437,391	2,449,763
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
TANF Cluster						
93.558	JAGT706	Job's for America's Graduates - Administration	IN Dept. of Workforce Development	10/01/17-12/31/18	0	128,361
93.558	JAGT806	Job's for America's Graduates - Administration	IN Dept. of Workforce Development	10/01/18-12/31/19	159,537	9,738
93.558	JAGT706	Job's for America's Graduates	IN Dept. of Workforce Development	10/01/17-12/31/18	0	7,587
93.558	JAGT806	Job's for America's Graduates	IN Dept. of Workforce Development	10/01/18-12/31/19	0	237,880
93.558	WINTANF706	Work Indiana	IN Dept. of Workforce Development	10/01/17-09/30/18	3,175	3,175
93.558	WINTANF806	Work Indiana	IN Dept. of Workforce Development	10/01/18-12/31/19	5,309	5,309
Total Federal Expenditures TANF Cluster CFDA #93.558					168,021	392,050
DEPARTMENT OF HEALTH AND HUMAN SERVICES TOTAL					168,021	392,050
U.S. SOCIAL SECURITY ADMINISTRATION						
96.008	N/A	Ticket to Work	Direct Funding	07/01/18-06/30/19	0	120
Total Federal Expenditures					\$ 1,605,412	\$ 2,841,933
STATE AND LOCAL PROGRAMS						
N/A	JAGT706	Job's for America's Graduates - State Funds - Administration	IN Dept. of Workforce Development	10/01/17-12/31/18	0	126
N/A	JAGT806	Job's for America's Graduates - State Funds - Administration	IN Dept. of Workforce Development	10/01/18-12/31/19	0	51,196
N/A	JAGT706	Job's for America's Graduates - State Funds	IN Dept. of Workforce Development	10/01/17-12/31/18	42,616	82,220
N/A	JAGT806	Job's for America's Graduates - State Funds	IN Dept. of Workforce Development	10/01/18-12/31/19	104,334	197,368
N/A	WIN806	Work Indiana - State Funds	IN Dept. of Workforce Development	10/01/18-12/31/19	26,833	27,072
N/A	WIOASP806	Governor's Reserve	IN Dept. of Workforce Development	07/01/18-06/30/19	10,218	10,505
N/A	N/A	OCRA	Office of Community & Rural Affairs	07/01/18-06/30/19	0	70,850
N/A	IFA706	Infrastructure Funding Agreement	IN Dept. of Workforce Development	07/01/18-08/31/19	0	115,090
N/A	N/A	General Fund	Unrestricted Funds	07/01/18-06/30/19	0	8,850
Total State and Local Expenditures					\$ 184,001	\$ 563,277
Total Expenditures					\$ 1,789,413	\$ 3,405,210

See Independent Auditor's Report.

Alliance for Strategic Growth, Inc.

Schedule A (Continued)

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

Year Ended June 30, 2019

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

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and other financial assistance (the "Schedule") includes the federal award activity of Alliance for Strategic Growth, Inc. under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Alliance for Strategic Growth, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Alliance for Strategic Growth, Inc.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - 10% De Minimis

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



Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

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

We have audited, in accordance with the auditing standards generally accepted in the United States 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. which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 25, 2020.

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 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Wipfli LLP

February 25, 2020
Madison, Wisconsin



Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control Over Compliance

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

Report on Compliance for the Major Federal Program

We have audited Alliance for Strategic Growth, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2019. 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.

Management's Responsibility for Compliance

Management is responsible for compliance with statutes, regulations, contracts, and the terms and conditions of its grant 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 program 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 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 the major federal program. However, our audit does not provide legal determination on Alliance for Strategic Growth, Inc.'s compliance.

Opinion on the 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 its major federal program for the year ended June 30, 2019.

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 a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

February 25, 2020
Madison, Wisconsin

Alliance for Strategic Growth, Inc.

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal and state programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	No

Identification of major federal program:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
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- **U.S. Department of Labor**

Workforce Innovation and Opportunity Act (WIOA) Cluster	17.258, 17.259 and 17.278
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Summary of Prior Year Findings

None