

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

Muncie, Indiana

Combined Financial Statements and Additional Information
Year Ended June 30, 2011

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

Combined Financial Statements and Additional Information
Year Ended June 30, 2011

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Independent Auditor's Report

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

We have audited the accompanying combined statement of financial position of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. (nonprofit organizations) as of June 30, 2011, and the related combined statements of activities and cash flows for the year then ended. These combined financial statements are the responsibility of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. as of June 30, 2011, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2012, on our consideration of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic combined financial statements of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and other financial assistance, Schedules A-1 to A-2, which includes the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic combined financial statements taken as a whole.


Wipfli LLP

January 27, 2012
Madison, Wisconsin

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

Combined Statement of Financial Position
June 30, 2011

<i>Assets</i>	
Current assets:	
Cash	\$ 636,621
Grants receivable	335,055
Accounts receivable	1,499
Prepaid expenses	30,440
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Total current assets	1,003,615
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Equipment, net of \$11,970 of accumulated depreciation	9,574
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TOTAL ASSETS	\$ 1,013,189

<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable	\$ 36,754
Subcontractors payable	479,313
Accrued payroll and related expenses	136,762
Grant funds received in advance	213,679
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Total current liabilities	866,508
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Unrestricted net assets	146,681
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TOTAL LIABILITIES AND NET ASSETS	\$ 1,013,189

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

Combined Statement of Activities Year Ended June 30, 2011

Revenue:	
Grant revenue	\$ 6,824,421
Interest revenue	217
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Total revenue	6,824,638
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Expenses:	
Program activities:	
Job training	1,318,978
Subcontractor expenses	5,258,055
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Total program expenses	6,577,033
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Support and administration	254,979
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Total expenses	6,832,012
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Change in unrestricted net assets	(7,374)
Unrestricted net assets at beginning of year	154,055
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Unrestricted net assets at end of year	\$ 146,681

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

Combined Statement of Cash Flows

Year Ended June 30, 2011

Increase (decrease) in cash:

Cash flows from operating activities:

Change in unrestricted net assets (\$ 7,374)

Adjustments to reconcile change in unrestricted net assets
to net cash provided by operating activities:

Depreciation 7,182

Changes in operating assets and liabilities:

Grants receivable 292,342

Accounts receivable 22,504

Prepaid expenses (15,119)

Accounts payable (17,888)

Subcontractors payable (123,893)

Accrued payroll and related expenses 20,218

Grant funds received in advance 207,886

Net cash provided by operating activities 385,858

Change in cash 385,858

Cash at beginning of year 250,763

Cash at end of year \$ 636,621

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

Notes to Combined Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of Operations

Eastern Indiana Regional Workforce Board, Inc. (EIRWB) was organized as a nonprofit corporation on April 17, 2006. EIRWB was formed to comply with the requirements of the Workforce Investment Act of the State of Indiana by overseeing the provision of convenient, customer-friendly employment and training services in the nine-county area of Blackford, Delaware, Henry, Jay, Randolph, Wayne, Rush, Fayette, and Union counties in Indiana. EIRWB is supported through federal and state grants which are passed through to its designated fiscal agent, Alliance for Strategic Growth, Inc. (ASG). Approximately 99% of grant revenue was received from the State of Indiana Department of Workforce Development.

ASG was organized as a nonprofit corporation on July 30, 2002. ASG was formed to provide services that directly or indirectly improve the economic conditions of the region. ASG promotes local job growth and creates new opportunities for Indiana workers by training participants in an effort to improve their occupational skills, which improves the quality of the workforce and increases jobs and per capita income of the region.

Principles of Consolidation

The combined financial statements include the accounts of EIRWB and ASG, hereinafter referred to as the Organizations, as an economic interest and control exists between the two entities. All intercompany transactions and balances have been eliminated for financial statement purposes.

Basis of Presentation

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

Classification of Net Assets

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

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organizations and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions. Currently, the Organizations do not have any temporarily restricted net assets.

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

Notes to Combined Financial Statements

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

Classification of Net Assets (Continued)

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organizations that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant Awards that are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

B. Grant Awards that are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

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

Notes to Combined Financial Statements

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

Accounts Receivable

The Organizations consider the accounts receivable to be fully collectible, accordingly, no allowance for doubtful accounts receivable is recorded. If the amounts become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Property and equipment are capitalized at cost and depreciated over their useful life using the straight-line method. The Organizations capitalize equipment purchased with agency funds with a cost greater than \$5,000 and a useful life of more than one year. Donation of property and equipment are recorded as support at the estimated fair market value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Property and equipment purchased with grant funds are held in trust by the Organizations for the benefit of the People of the State of Indiana while used in the program for which they were purchased or in other future authorized programs. The State of Indiana defines equipment as items with a unit cost over \$500. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The cumulative cost of equipment purchased with grant funds is \$180,444. All items have a unit cost of less than \$5,000. This property and equipment is not reflected in these combined financial statements as it is held in trust by the State of Indiana and it does not meet the definition of equipment as defined by the Organizations' policies.

Income Taxes

The Organizations are nonprofit organizations under Section 501(c)(3) of the Internal Revenue Code and are exempt from federal and Indiana income taxes.

The Organizations are 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. The Organizations have determined there are no amounts to record as assets or liabilities related to uncertain tax positions. Federal returns for the fiscal year ended June 30, 2008, and thereafter remain subject to examination by the Internal Revenue Service.

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

Notes to Combined Financial Statements

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

Cost Allocation

Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all organization programs, which cannot be readily identified with a final cost objective.

Note 2 **Grants Receivable**

The grants receivable balance represents amounts due from funding sources as follows:

Indiana Department of Workforce Development	\$ 317,046
Other	18,009
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Total	<u>\$ 335,055</u>

Note 3 **Operating Leases**

The Organizations lease various facilities for the operations of their subcontractors. The Organizations are named as the lessee in the lease agreements; however, all the rent payments for the WorkOne facilities are made by the subcontractors. The Organizations lease one facility for their administrative office. Rent expense for the Organizations for the year ended June 30, 2011, was \$53,649. Rent expense for the Organizations' subcontractors for the year ended June 30, 2011, was \$657,943. Beginning July 1, 2011, the Organizations will make the rent payments for the WorkOne facilities. Future minimum lease payments on leases having terms beyond June 30, 2011, are as follows:

2012	\$ 603,597
2013	131,906
2014	71,320
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Total	<u>\$ 806,823</u>

Note 4 **Retirement Plan**

ASG has a 403(b) tax sheltered annuity retirement plan that covers all regular employees. The retirement benefits are fully vested with the employee after three years of service. The percentage that ASG contributes is using a formula where total contributions paid by ASG on behalf of the employees do not exceed 16% of the employees' salary. The contribution for the year ended June 30, 2011, was \$30,080.

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

Notes to Combined Financial Statements

Note 5 **Concentration of Credit Risk**

ASG maintains deposits at a financial institution. Accounts at this financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, the bank balance may have been in excess of the FDIC coverage. Bank balances in excess of FDIC coverage are insured by the Public Deposit Insurance Fund.

Note 6 **Subsequent Event**

Subsequent events have been evaluated through January 27, 2012, which is the date the financial statements were available to be issued.

Effective July 1, 2011, the State of Indiana gave regions an option to reorganize its workforce development structure from a regional workforce board model to a workforce investment board model. Therefore, as of July 1, 2011, the EIRWB will cease to exist as a regional workforce board and become a workforce investment board and will operate as ASG. Since the only financial activity of EIRWB was passing grant funds through to its fiscal agent, ASG, there were no assets, liabilities, or net assets requiring transfer at June 30, 2011.

All grants between the Indiana Department of Workforce Development (IN DWD) and EIRWB were terminated as of June 30, 2011. Subsequent to June 30, 2011, new grants were issued by IN DWD to ASG with a program period beginning July 1, 2011.

Additional Information

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

Schedule A-1

Schedule of Expenditures of Federal Awards and Other Financial Assistance Year Ended June 30, 2011

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Expenditures
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE						
Department of Labor						
17.258	C1-1-RWB-0-06	WIA Adult	Indiana DWD	07/01/10-06/30/11	\$ 809,412	\$ 549,441
17.258	C1-1-RWB-0-06	WIA Admin.	Indiana DWD	07/01/10-06/30/11	89,934	65,346
17.258	PY10-CR-06-1A	Veterans' Workforce Imp Plan	Interlocal	07/01/10-06/30/11	30,533	29,315
17.258	C1-1-ABE-0-06	ABE	Indiana DWD	07/01/10-06/30/11	157,305	47,784
17.258	C1-2-DISC-9-06	WIA Discretionary	Indiana DWD	06/01/10-06/30/11	16,249	11,346
17.258	C1-10-RWB-9-06	WIA Adult	Indiana DWD	07/01/09-06/30/11	1,005,062	182,413
17.258	C1-10-RWB-9-06	WIA Admin.	Indiana DWD	07/01/09-06/30/11	111,673	47,597
Subtotal 17.258						933,242
17.258-ARRA	C1-0-ARRA-9-06	ARRA WAG ADULT	Indiana DWD	07/10/09-06/30/11	713,718	371,100
17.259	C1-1-RWB-0-06	WIA Youth	Indiana DWD	07/01/10-06/30/11	1,000,683	962,961
17.259	C1-1-RWB-0-06	WIA Admin.	Indiana DWD	07/01/10-06/30/11	111,187	80,788
17.259	C1-1-ABE-0-06	ABE	Indiana DWD	07/01/10-06/30/11	34,087	10,355
17.259	C1-2-DISC-9-06	WIA Discretionary	Indiana DWD	06/01/10-06/30/11	939,923	656,295
17.259	C1-1-JAG-0-06	JAG Coordinator	Indiana DWD	10/01/10-06/30/11	60,714	42,284
17.259	C1-10-RWB-9-06	WIA Youth	Indiana DWD	07/01/09-06/30/11	1,195,736	294,895
17.259	C1-10-RWB-9-06	WIA Admin.	Indiana DWD	07/01/09-06/30/11	132,859	62,690
Subtotal 17.259						2,110,268
17.259-ARRA	C1-0-SYARRA-9-06	ARRA WIA Youth (YHCC)	Indiana DWD	04/01/10-12/31/10	105,014	17,875
17.260	C1-1-RWB-0-06	WIA Dislocated Worker	Indiana DWD	07/01/10-06/30/11	1,200,038	804,524
17.260	C1-1-RWB-0-06	WIA Admin.	Indiana DWD	07/01/10-06/30/11	133,337	96,883
17.260	RROJT-9-06	RR OJT	Indiana DWD	05/13/10-06/30/11	228,930	136,990
17.260	C1-1-ABE-0-06	ABE	Indiana DWD	07/01/10-06/30/11	122,175	37,113
17.260	C1-1-CAA-0-06	CAA	Indiana DWD	07/01/10-06/30/11	114,714	114,714
17.260	C1-2-DISC-9-06	WIA Discretionary	Indiana DWD	06/01/10-06/30/11	21,035	14,688
17.260	C1-10-RWB-9-06	WIA Dislocated Worker	Indiana DWD	07/01/09-06/30/11	862,907	117,129
17.260	C1-10-RWB-9-06	WIA Admin.	Indiana DWD	07/01/09-06/30/11	95,878	37,788
17.260	C1-1-BC-0-06	Business Consultant	Indiana DWD	07/01/10-06/30/11	50,000	50,000
Subtotal 17.260						1,409,829
17.260-ARRA	C1-0-ARRA-9-06	ARRA WAG DW	Indiana DWD	07/10/09-06/30/11	930,148	410,927
17.260-ARRA	C1-1-TAAARRA-0-06	ARRA TAA	Indiana DWD	07/01/10-06/30/11	331,149	331,149
17.260-ARRA	C1-1-TAARR-0-06	ARRA RR TAA	Indiana DWD	07/01/10-06/30/11	78,451	78,451
17.260-ARRA	RROJTARRA-9-06	ARRA RR OJT	Indiana DWD	05/13/10-06/30/11	217,133	217,133
Subtotal 17.260-ARRA						1,037,660
Subtotal Cluster 17.258, 17.258-ARRA, 17.259, 17.259-ARRA, 17.260, and 17.260-ARRA						
(includes subcontractor expenses of \$4,566,157)						5,879,974

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

Schedule A-2

Schedule of Expenditures of Federal Awards and Other Financial Assistance

Year Ended June 30, 2011

CFDA Number	Grant Number	Program Name	Grantor Agency	Program Period	Program or Award Amount	Expenditures
ASSISTANCE PROGRAMS AS IDENTIFIED IN THE CATALOG OF FEDERAL DOMESTIC ASSISTANCE (Continued)						
Department of Labor (Continued)						
17.207	C1-1-BC-0-06	Business Consultant	Indiana DWD	07/01/10-06/30/11	50,000	50,000
17.207	C1-1-IS-0-06	Dis. Veterans' Outreach Program	Indiana DWD	07/01/10-06/30/11	32,584	16,076
17.207	C1-1-IS-0-06	Local Veterans' Emp. Program	Indiana DWD	07/01/10-06/30/11	46,818	23,034
17.207	C1-1-IS-0-06	Wagner Peyser	Indiana DWD	07/01/10-06/30/11	575,651	252,868
Subtotal 17.207 (includes subcontractor expenses of \$233,967)						341,978
17.225	C1-1-IS-0-06	Unemployment Insurance	Indiana DWD	07/01/10-06/30/11	573,097	253,858
Subtotal 17.225 (includes subcontractor expenses of \$176,203)						253,858
17.245	C1-1-TAAABE-0-06	TAAABE	Indiana DWD	07/01/10-06/30/11	125,000	106,609
17.245	C1-9-TAA-7a-06	TAA	Indiana DWD	05/01/08-06/30/11	137,008	17,334
Subtotal 17.245 (includes subcontractor expenses of \$106,609)						123,943
17.267	C1-0-JAG-9-06	JAG Coordinator	Indiana DWD	10/01/09-09/30/10	60,715	10,403
17.267	C1-0-JAG-9a-06	JAG	Indiana DWD	01/01/10-12/31/10	13,548	13,548
Subtotal 17.267						23,951
17.271	C1-1-BC-0-06	Business Consultant	Indiana DWD	07/01/10-06/30/11	20,000	20,000
Subtotal 17.271 (includes subcontractor expenses of \$7,500)						20,000
17.275-ARRA	C1-1-SEOJT-9-06	ARRA Green OJT	Indiana DWD	04/01/10-06/30/11	400,000	113,940
Subtotal 17.275-ARRA (includes subcontractor expenses of \$103,755)						113,940
17.802	PY10-CR-06-1A	Veterans' Workforce Imp Plan	Interlocal	07/01/10-06/30/11	65,242	62,637
Subtotal 17.802 (includes subcontractor expenses of \$59,724)						62,637
Total Federal Programs						6,820,281
STATE AND LOCAL PROGRAMS						
N/A	C1-1-MOSP-0-06	MOSP	Indiana DWD	04/01/11-06/30/11	4,140	4,140
Subtotal STATE AND LOCAL PROGRAMS (includes subcontractor expenses of \$4,140)						4,140
TOTAL						\$ 6,824,421

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

This schedule includes the federal and state grant activity of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. and is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of, the basic combined financial statements.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited the combined financial statements of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. (nonprofit organizations) as of and for the year ended June 30, 2011, and have issued our report thereon dated January 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors, others within Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc., federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

 Wipfli LLP

January 27, 2012
Madison, Wisconsin



Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133

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

Compliance

We have audited Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Eastern Indiana Regional Workforce Board, Inc. and 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s management. Our responsibility is to express an opinion on Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s compliance with those requirements.

In our opinion, Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. complied, in all material respects, with the compliance requirements referred to above that that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 controls 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Directors, others within Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc., federal awarding agencies, and pass-through entities and is not intended to be and should not be issued by anyone other than these specified parties.


Wipfli LLP

January 27, 2012
Madison, Wisconsin

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

Schedule of Findings and Questioned Costs

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the combined financial statements of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.
2. No significant deficiencies relating to the audit of the combined financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the combined financial statements of Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. were disclosed during the audit.
4. There were no significant deficiencies disclosed during the audit of the major federal award programs as reported in the Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc.
7. The programs tested as major programs were the Department of Labor CFDA Cluster #17.258, #17.258-ARRA, #17.259, #17.259-ARRA, #17.260, and #17.260-ARRA, CFDA #17.207, and CFDA #17.275-ARRA.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Eastern Indiana Regional Workforce Board, Inc. and Alliance for Strategic Growth, Inc. were determined to be low-risk auditees.

B. Findings – Financial Statements Audit

None

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

Findings: None

Questioned Costs: None

D. Prior-Year Findings

None