

G
O

5
/
1
1
/
2
0
1
1
5

2014
AUDIT

041902

NEW SECTOR ALLIANCE, INC.

FINANCIAL STATEMENTS

AUGUST 31, 2014 AND 2013

G
O

5
/
1
1
/
2
0
1
1
5

2014
AUDIT
04/902

NEW SECTOR ALLIANCE, INC.

August 31, 2014 and 2013

CONTENTS

Independent Auditors' Report and Report on Schedule of Expenditures of Federal Awards as Required by Governmental Auditing Standards 1-2

Financial Statements:

Statements of Financial Position 3

Statements of Activities and Changes in Net Assets 4-5

Statements of Cash Flows 6

Notes to the Financial Statements 7-13

Information Required By Governmental Auditing Standards:

Independent Auditors' 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* 14-15

Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 16-17

Schedule of Expenditures of Federal Awards 18

Notes to the Schedule of Expenditures of Federal Awards 19

Schedule of Findings and Questioned Costs 20-21

G
O

5
/
1
1
/
2
0
1
1
5



2014
Audit
04/19/02

INDEPENDENT AUDITORS' REPORT AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AS REQUIRED BY GOVERNMENTAL AUDITING STANDARDS

To the Board of Directors of
New Sector Alliance, Inc.
Boston, Massachusetts

Report on Financial Statements

We have audited the accompanying financial statements of New Sector Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of August 31, 2014 and 2013, and the related statements of activities and changes in 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.

Auditors' 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. Those standards require that we plan and perform the audits 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 auditors' 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 auditors consider 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.

5
/
1
1
/
2
0
1
5

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 New Sector Alliance, Inc. as of August 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Information Required By *Governmental Auditing Standards*

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, as required by 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 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2015, on our consideration of New Sector Alliance, 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 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 New Sector Alliance, Inc.'s internal control over financial reporting and compliance.

O'Connor and Drew, P.C.

Certified Public Accountants
Braintree, Massachusetts

January 16, 2015

G
O

5
/
1
1
/
2
0
1
5

NEW SECTOR ALLIANCE, INC.

Statements of Financial Position

August 31,

Assets

	<u>2014</u>	<u>2013</u>
Current Assets:		
Cash and equivalents	\$ 844,184	\$ 900,850
Accounts receivable, net	171,926	111,782
Grant receivable	-	375,000
Prepaid expenses	26,210	13,887
Other asset	<u>-</u>	<u>1,235</u>
Total Current Assets	<u>1,042,320</u>	<u>1,402,754</u>
Property and Equipment, net	<u>-</u>	<u>1,770</u>
Total Assets	<u>\$ 1,042,320</u>	<u>\$ 1,404,524</u>

Liabilities and Net Assets

Current Liabilities:		
Accounts payable	\$ 5,951	\$ 7,608
Accrued expenses	<u>47,898</u>	<u>10,518</u>
Total Current Liabilities	<u>53,849</u>	<u>18,126</u>
Net Assets:		
Unrestricted	988,471	813,168
Temporarily Restricted	<u>-</u>	<u>573,230</u>
Total Net Assets	<u>988,471</u>	<u>1,386,398</u>
Total Liabilities and Net Assets	<u>\$ 1,042,320</u>	<u>\$ 1,404,524</u>

The accompanying notes are an integral part of these financial statements.

G
O

5
/
1
1
/
2
0
1
5

NEW SECTOR ALLIANCE, INC.

Statements of Activities and Changes in Net Assets

For the Year Ended August 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support:			
Contracts	\$ 505,916	\$ -	\$ 505,916
Contributions	48,340	-	48,340
In-kind contributions	860,332	-	860,332
Program services	1,636,259	-	1,636,259
Other income	670	-	670
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>573,230</u>	<u>(573,230)</u>	<u>-</u>
Total Revenue and Other Support	<u>3,624,747</u>	<u>(573,230)</u>	<u>3,051,517</u>
Expenses:			
Program services	3,066,426	-	3,066,426
Management and general	259,513	-	259,513
Fundraising	<u>123,505</u>	<u>-</u>	<u>123,505</u>
Total Expenses	<u>3,449,444</u>	<u>-</u>	<u>3,449,444</u>
Increase (Decrease) in Net Assets	175,303	(573,230)	(397,927)
Net Assets, Beginning of Year	<u>813,168</u>	<u>573,230</u>	<u>1,386,398</u>
Net Assets, End of Year	<u>\$ 988,471</u>	<u>\$ -</u>	<u>\$ 988,471</u>

The accompanying notes are an integral part of these financial statements.

G
O

5
/
1
1
/
2
0
1
5

NEW SECTOR ALLIANCE, INC.

Statements of Activities and Changes in Net Assets

For the Year Ended August 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support:			
Contracts	\$ 529,908	\$ -	\$ 529,908
Contributions	26,481	-	26,481
In-kind contributions	476,778	-	476,778
Program service	1,076,762	-	1,076,762
Interest	44	-	44
Other income	2,179	-	2,179
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>343,252</u>	<u>(343,252)</u>	<u>-</u>
 Total Revenue and Other Support	 <u>2,455,404</u>	 <u>(343,252)</u>	 <u>2,112,152</u>
Expenses:			
Program services	2,325,974	-	2,325,974
Management and general	90,910	-	90,910
Fundraising	<u>2,892</u>	<u>-</u>	<u>2,892</u>
 Total Expenses	 <u>2,419,776</u>	 <u>-</u>	 <u>2,419,776</u>
 Increase (Decrease) in Net Assets	 35,628	 (343,252)	 (307,624)
 Net Assets, Beginning of Year	 <u>777,540</u>	 <u>916,482</u>	 <u>1,694,022</u>
 Net Assets, End of Year	 <u>\$ 813,168</u>	 <u>\$ 573,230</u>	 <u>\$ 1,386,398</u>

The accompanying notes are an integral part of these financial statements.

G
O

5
/
1
1
/
2
0
1
1
5

NEW SECTOR ALLIANCE, INC.

Statements of Cash Flows

For the Years Ended August 31,

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ (397,927)	\$ (307,624)
Adjustments to reconcile changes in net assets to net cash applied to operating activities:		
Depreciation	-	904
Loss on disposition of property and equipment	1,770	-
Bad debt expense	-	21,250
Changes in assets and liabilities:		
Accounts receivable	(60,144)	(8,906)
Grant receivable	375,000	-
Prepaid expenses	(12,323)	(10,488)
Other asset	1,235	39,203
Accounts payable	(1,657)	(4,789)
Accrued expenses	37,380	(12,957)
Deferred revenue	<u>-</u>	<u>(60,431)</u>
Net Decrease in Cash and Equivalents	<u>(56,666)</u>	<u>(343,838)</u>
Cash and Equivalents, Beginning of Year	<u>900,850</u>	<u>1,244,688</u>
Cash and Equivalents, End of Year	<u>\$ 844,184</u>	<u>\$ 900,850</u>

The accompanying notes are an integral part of these financial statements.

G
O

5
/
1
1
/
2
0
1
1
5

NEW SECTOR ALLIANCE, INC.

Notes to the Financial Statements

August 31, 2014 and 2013

Note 1 - Organization

Founded in 2000, incorporated under Massachusetts law in July 2001, and operating in Massachusetts, California, Illinois and Minnesota, New Sector Alliance, Inc. (the "Organization") is a 501(c)(3) talent development organization with the mission to strengthen the social sector by enriching its talent pipeline. To fulfill this mission, New Sector Alliance, Inc. aims to:

- Provide meaningful professional development opportunities to groups of early career professionals that offer the knowledge, skills, and tools necessary for long-term success in social sector careers.
- Embed service activities as core experiences within professional development, which provide community organizations with new, improved, or expanded services.
- Develop a network of committed, skilled professionals who will provide ongoing leadership that supports their communities.

Note 2 - Summary of Significant Accounting Policies

Financial Statement Presentation

In order to ensure the observance of limitations and restrictions placed on the use of resources, the Organization determines the classification of its net assets and revenues and expenses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and are expendable for support of the Organization's general operations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporary restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

G
O

5
/
1
1
/
2
0
1
5

NEW SECTOR ALLIANCE, INC.

Notes to the Financial Statements - Continued

August 31, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies - Continued

Financial Statement Presentation - Continued

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently. The donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. The Organization has no permanently restricted net assets.

Functional Allocation of Revenues and Expenses

Grants and contract revenues are recorded over the period covered by the grant or contract as services provided. Revenues and expenses, which are not directly attributable to a specific program, are recorded as administrative. Such revenues and expenses have been allocated to specific programs based on each program's percentage of total expenses of the association.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Cash Equivalents

For purposes of the statements of financial position and cash flows, the Organization considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Revenue Recognition

Grants and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants and contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are classified as temporarily restricted are reclassified to unrestricted net assets upon satisfaction of the program restriction or expiration of the time restrictions. The Organization has elected to report restricted contributions, whose restrictions are met in the same reporting period as unrestricted support.

G
O

5
/
1
1
/
2
0
1
5

NEW SECTOR ALLIANCE, INC.

Notes to the Financial Statements - Continued

August 31, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies - Continued

Program Service Revenue

Program service revenue consists of consulting fees, which are recognized in the statement of activities and changes in net assets when the services are performed. Payment received in advance of services being performed is recorded as deferred revenue in the statement of financial position.

Donated Materials and Services

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, as provided by individuals possessing those skills, and would typically need to be purchased if not donated. Donated services are recorded at market value. The market value of consulting services is based on estimated standard billing rates of international consulting firms. The Organization offsets these contributed services by recording an equal amount of operating expenses. In addition to the donated services that are recognized, a substantial number of unpaid volunteers have made significant contributions of their time. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement of valuation.

Accounts Receivable

Accounts receivable consists of amounts due to the Organization for program services. The Organization performs ongoing credit evaluations of its customers' financial conditions and generally does not require collateral for accounts receivable arising in the normal course of business. Allowances for potential credit losses are determined by considering the financial condition of customers and other economic factors affecting customers, the Organization, and their industries. Management believes that the accounts receivable balances are collectible and that an allowance for doubtful accounts is not required.

Property and Equipment

Property and equipment is stated at cost. Depreciation is computed using straight-line and accelerated methods over the assets' estimated useful lives.

G
O

5
/
1
1
/
2
0
1
5

NEW SECTOR ALLIANCE, INC.

Notes to the Financial Statements - Continued

August 31, 2014 and 2013

Note 2 - Summary of Significant Accounting Policies - Continued

Income Taxes

Generally accepted accounting principles, as practiced in the United States of America, require an entity to assess the probability that a tax position has a "more likely than not" (MLTN) sustainability after review by tax authorities. If a tax position is deemed not to meet this threshold, any unrecognized tax benefits and costs are estimated and recognized. Interest and penalties, if any, related to assessments by tax authorities will be classified as a component of management and general expenses on the statement of activities and changes in net assets. A tax position may be considered as taken any time a taxpayer chooses amongst alternatives that affect the amount of their tax obligations and include for example: tax exempt status; decisions made in the process of conforming with tax laws; decisions not to file in certain jurisdictions; allocation of income between jurisdictions; and the characterization of income or expenses. Tax returns are routinely open for review by the tax authorities for three years from their due date. In certain circumstances the statute of limitations may remain open indefinitely.

The Organization has been notified by the Internal Revenue Service that it meets the qualifications to be classified as a tax exempt entity under section 501(c)(3) of the Internal Revenue Code. Since the continuance of this status is based upon continuing qualification, the Organization has identified this as a tax position. However, it has determined that this tax position meets MLTN sustainability and does not result in an uncertainty requiring recognition. The Organization does not expect any material changes in its position regarding this matter in the next twelve months.

Advertising

The Organization expenses advertising costs as incurred.

Reclassifications

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

Note 3 - Grant Receivable

The Organization received a \$1,000,000 grant during the year ending August 31, 2011 for program development and improvement, impact measurement, and expansion of services to new populations, including veterans. The receivable balance as of August 31, 2013 was \$375,000. The balance of this grant was received by the Organization during the year ended August 31, 2014.

G
O

5
/
1
1
/
2
0
1
1
5

NEW SECTOR ALLIANCE, INC.

Notes to the Financial Statements - Continued

August 31, 2014 and 2013

Note 4 - In-Kind Contributions

The Organization received the following in-kind contributions that have been reflected in the financial statements as of August 31:

	<u>2014</u>			
	<u>Revenues</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Consultant services	\$ 727,327	\$ 592,327	\$ 135,000	\$ -
Software	13,540	11,332	1,104	1,104
Facility rental	23,440	23,440	-	-
Training	68,173	68,173	-	-
Legal	<u>27,852</u>	<u>13,926</u>	<u>13,926</u>	<u>-</u>
	<u>\$ 860,332</u>	<u>\$ 709,198</u>	<u>\$ 150,030</u>	<u>\$ 1,104</u>
	<u>2013</u>			
	<u>Revenues</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>
Consultant services	\$ 377,111	\$ 377,111	\$ -	\$ -
Software	13,180	10,972	1,104	1,104
Facility rental	23,400	23,400	-	-
Training	39,087	39,087	-	-
Legal	<u>24,000</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
	<u>\$ 476,778</u>	<u>\$ 462,570</u>	<u>\$ 13,104</u>	<u>\$ 1,104</u>

G
O

5
/
1
1
/
2
0
1
5

NEW SECTOR ALLIANCE, INC.

Notes to the Financial Statements - Continued

August 31, 2014 and 2013

Note 5 - Property and Equipment

Property and equipment consists of the following at August 31:

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 892	\$ 3,604
less: accumulated depreciation	<u>(892)</u>	<u>(1,834)</u>
 Total Property and Equipment	 \$ <u> -</u>	 \$ <u> 1,770</u>

Note 6 - Line of Credit

For the year ended August 31, 2014, the Organization's line of credit provides for maximum borrowings of \$125,000 and is due on demand, subject to annual renewal in June and secured by a business money market account. Per the agreement, interest on borrowings is charged at the higher of 3.50% or the prime rate plus 0.50%. The Organization has not drawn against this line of credit as of August 31, 2014.

For the year ended August 31, 2013, the Organization's line of credit provided for maximum borrowings of \$100,000 and was due on demand, and secured by all business assets. Per the agreement, interest on borrowings was charged at the higher of 4.25% or the prime rate. The Organization had not drawn against this line of credit as of August 31, 2013.

Note 7 - Temporarily Restricted Net Assets

Temporarily restricted net assets at August 31, 2013 were available for program development and improvement, impact measurement, and expansion of services to new populations, including veterans. There were no temporarily restricted net assets as of August 31, 2014.

Note 8 - Lease Commitments

The Organization leases office space for its locations under tenant at will agreements. Rent expense for the years ended August 31, 2014 and 2013 was \$57,694 and \$36,725, respectively.

G
O

5
/
1
1
/
2
0
1
1
5

NEW SECTOR ALLIANCE, INC.

Notes to the Financial Statements - Continued

August 31, 2014 and 2013

Note 9 - Concentrations, Risks, and Uncertainties

Cash

The Organization maintains cash balances at several financial banking institutions, and at times during the year these balances may exceed the Federally insured limit. The Organization had deposits of \$594,184 and \$650,850 in excess of FDIC insurance at August 31, 2014 and 2013, respectively. Management monitors the financial condition of these banking institutions, along with its balances in cash, to keep this potential risk at a minimum.

Concentration Risk

A contract from a federal agency accounted for 100% of contract revenue for the years ended August 31, 2014 and 2013. For the year ended August 31, 2013 this contract comprised 84% of accounts receivable. There were no amounts outstanding in accounts receivable from the contract for the year ended August 31, 2014.

A grant from a single source accounted for 100% of grants receivable for the year ended August 31, 2013. The balance of this grant was received by the Organization during the year ended August 31, 2014.

Uncertainties

The Organization is highly dependent on the donation of professional services and grants. Although management believes that it will have sufficient funds to meet its operating needs and continued access to donated services for the remainder of the fiscal year between funds already available and promised grants and services, there is no guarantee that these activities will continue into future years.

Note 10 - Management's Acceptance of Financial Statements

Management has evaluated subsequent events through January 16, 2015, the date for which the financial statements were available for issuance. No material subsequent events were noted through that date.

G
O

5
/
1
1
/
2
0
1
5

**INDEPENDENT AUDITORS' 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***

G
O

5
/
1
1
/
2
0
1
5



INDEPENDENT AUDITORS' 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
New Sector Alliance, Inc.
Boston, Massachusetts

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 New Sector Alliance, Inc., which comprise the statements of financial position as of August 31, 2014 and 2013, and the related statements of activities and changes in 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 January 16, 2015.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered New Sector Alliance, 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 New Sector Alliance, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of New Sector Alliance, 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.

5
/
1
1
/
2
0
1
5

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 audits 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 New Sector Alliance, 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 New Sector Alliance, Inc.'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 New Sector Alliance, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

O'Connor and Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

January 16, 2015

G
O
5
/
1
1
/
2
0
1
5

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

G
O

5
/
1
1
/
0
1
5



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors of
New Sector Alliance, Inc.
Boston, Massachusetts

Report on Compliance for Each Major Federal Program

We have audited New Sector Alliance, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of New Sector Alliance, Inc.'s major Federal programs for the year ended August 31, 2014. New Sector Alliance, Inc.'s major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of New Sector Alliance, 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 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 New Sector Alliance, 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 New Sector Alliance, Inc.'s compliance.

G
O

5
/
1
1
/
2
0
1
5

Opinion on Each Major Federal Program

In our opinion, New Sector Alliance, 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 August 31, 2014.

Report on Internal Control Over Compliance

Management of New Sector Alliance, 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 New Sector Alliance, 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 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 New Sector Alliance, 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.

Purpose of Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

O'Connor and Drew, P.C.

**Certified Public Accountants
Braintree, Massachusetts**

January 16, 2015

G
O
5
/
1
1
/
2
0
1
5

**SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS**

G
O

5
/
1
1
/
2
0
1
1
5

NEW SECTOR ALLIANCE, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2014

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Corporation for National and Community Services AmeriCorps	94.006	\$ <u>505,916</u>
Total Expenditures of Federal Awards		\$ <u>505,916</u>

G
O

5
/
1
1
/
2
0
1
1
5

NEW SECTOR ALLIANCE, INC.

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended August 31, 2014

Note 1 - **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the Federal grant activity of New Sector Alliance, Inc. and is presented on the accrual basis of accounting. The information in the 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 financial statements.

G
O
5
/
1
1
/
2
0
1
5

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

G
O

5
/
1
1
/
2
0
1
5

NEW SECTOR ALLIANCE, INC.

Schedule of Findings and Questioned Costs

For the Year Ended August 31, 2014

I. Summary of Auditor's Results

Financial Statements

Type of audit report issued (See Note 1):	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Noncompliance which is material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	No
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Identification of major programs:	
<u>CFDA Numbers</u> 94.006	<u>Name of Federal Program</u> AmeriCorps
Dollar threshold used to distinguish Between type A and type B programs:	\$300,000
Auditee qualifies as a low-risk auditee?	Yes

G
O

5
/
1
1
/
2
0
1
5

NEW SECTOR ALLIANCE, INC.

Schedule of Findings and Questioned Costs - Continued

For the Year Ended August 31, 2014

II. Federal Audit Findings and Questioned Costs

None noted.