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October 20, 2021


Board of Directors
Tri-Star Alliance, Inc.
7982 Heinze Road
Lanesville, IN 47136

We have reviewed the audit report of Tri-Star Alliance, Inc., which was opined upon by Rodefer Moss & Co, PLLC, Independent Public Accountants, for the period January 1, 2019 to December 31, 2019. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Tri-Star Alliance, Inc. as of December 31, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings in the report on page 15. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 16.

In our opinion, Rodefer Moss & Co, PLLC prepared the audit reports in accordance with the guidelines established by the State Board of Accounts.

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


Paul D. Joyce, CPA
State Examiner

TRI-STAR ALLIANCE, INC.

Financial Statements and Supplementary Information

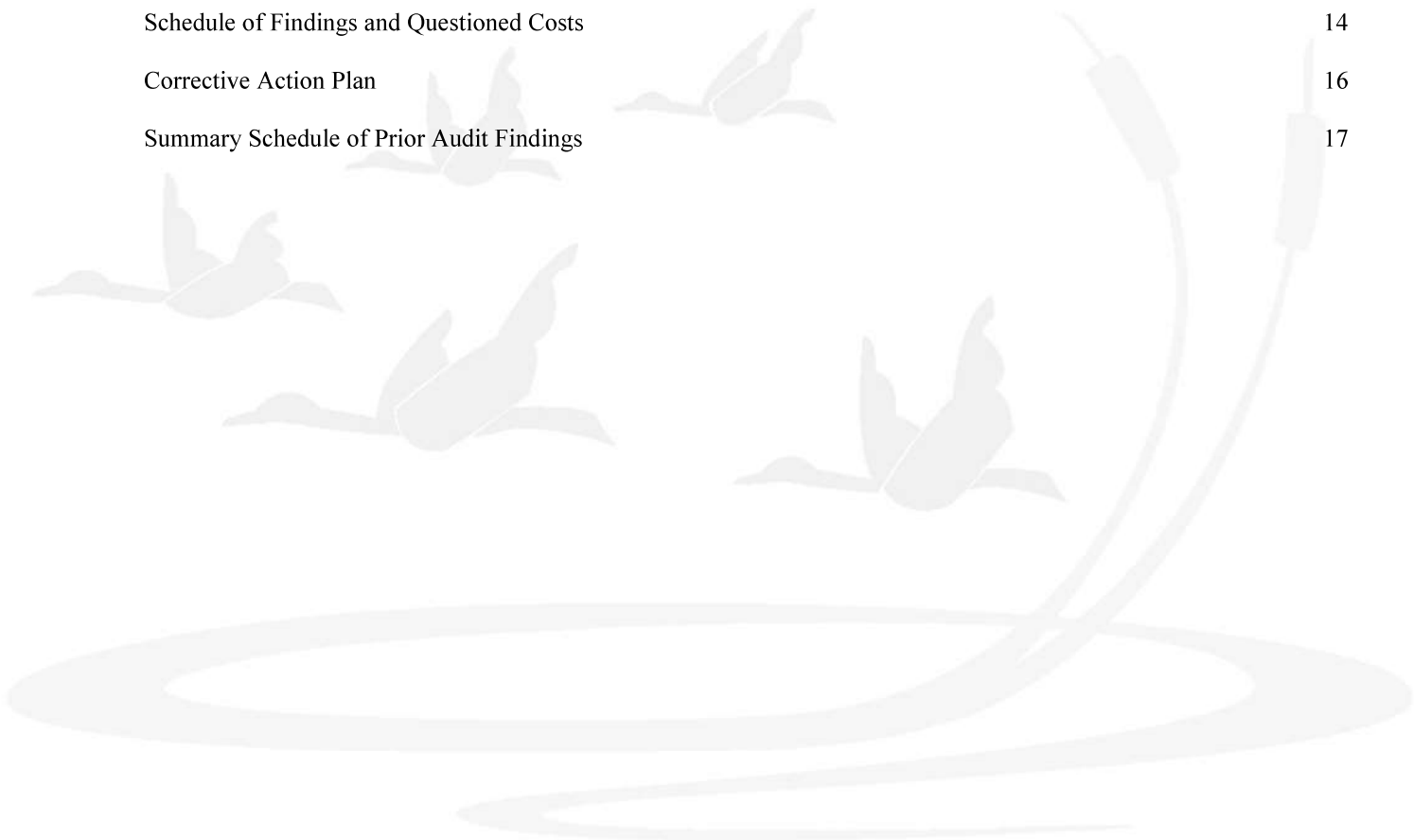
December 31, 2019 and 2018



TRI-STAR ALLIANCE, INC.
Financial Statements and Supplementary Information
December 31, 2019 and 2018

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Independent Auditors' Report

To the Board of Directors
Tri-Star Alliance, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Tri-Star Alliance, Inc. (a nonprofit organization), which comprise the Statements of Assets and Net Assets Without Donor Restrictions - Modified Cash Basis as of December 31, 2019 and 2018 and the related Statements of Support, Revenue and Expenses and Changes in Net Assets Without Donor Restrictions - Modified Cash Basis, and Functional Expenses - Modified Cash Basis 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 the modified cash basis of accounting which is a comprehensive basis of accounting other than 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 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 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.

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 Tri-Star Alliance, Inc. as of December 31, 2019 and 2018, and the changes in its net assets without donor restrictions and its cash flows for the years then ended in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Other Matters

Basis of Accounting

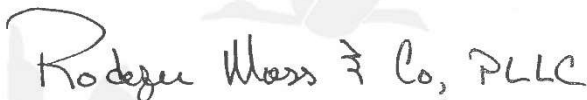
We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that manner.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2020, on our consideration of Tri-Star 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 solely 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 effectiveness of Tri-Star Alliance, Inc.'s 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 Tri-Star Alliance, Inc.'s internal control over financial reporting and compliance.



Rodefer Moss & Co, PLLC

Rodefer Moss & Co, PLLC
New Albany, Indiana
September 18, 2020

TRI-STAR ALLIANCE, INC.
Statements of Assets and Net Assets Without Donor Restrictions - Modified Cash Basis
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash	\$ 4,697	\$ 3,763
Total assets	<u>\$ 4,697</u>	<u>\$ 3,763</u>
Net Assets		
Without donor restrictions	\$ 4,697	\$ 3,763
Total net assets	<u>\$ 4,697</u>	<u>\$ 3,763</u>



TRI-STAR ALLIANCE, INC.

Statements of Support, Revenue and Expenses and Changes in Net Assets Without Donor Restrictions - Modified Cash Basis
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Changes in net assets without donor restrictions		
Revenues		
Contract revenue	\$ 1,055,796	\$ 1,143,245
Total revenues without donor restrictions	<u>1,055,796</u>	<u>1,143,245</u>
Expenses		
Program Services		
Food program	<u>1,047,303</u>	<u>1,135,164</u>
Total program services	<u>1,047,303</u>	<u>1,135,164</u>
Supporting Services		
Management and general	<u>7,559</u>	<u>8,135</u>
Total supporting services	<u>7,559</u>	<u>8,135</u>
Total expenses	<u>1,054,862</u>	<u>1,143,299</u>
Change in net assets without donor restrictions	934	(54)
Net assets at the beginning of the year	<u>3,763</u>	<u>3,817</u>
Net assets at the end of the year	<u>\$ 4,697</u>	<u>\$ 3,763</u>

TRI-STAR ALLIANCE, INC.
 Statements of Functional Expenses - Modified Cash Basis
 Years Ended December 31, 2019 and 2018

	2019			2018		
	Program Services	Supporting Services	Total	Program Services	Supporting Services	Total
	Food Program	Management and General		Food Program	Management and General	
Reimbursed food cost	\$ 960,546	\$ -	\$ 960,546	\$ 1,043,009	\$ -	\$ 1,043,009
Salaries	68,277	5,937	74,214	73,450	6,387	79,837
Accounting fees	5,612	488	6,100	5,428	472	5,900
Payroll taxes	5,223	454	5,677	5,619	489	6,108
Automobile	4,197	365	4,562	4,290	373	4,663
Telephone	858	127	985	822	104	926
Occupancy	828	72	900	828	72	900
Office and postage	608	53	661	725	63	788
Training	601	-	601	371	-	371
Bank charges	420	36	456	385	33	418
Office supplies	133	12	145	217	19	236
Website	-	15	15	-	121	121
Other taxes	-	-	-	20	2	22
Totals	<u>\$ 1,047,303</u>	<u>\$ 7,559</u>	<u>\$ 1,054,862</u>	<u>\$ 1,135,164</u>	<u>\$ 8,135</u>	<u>\$ 1,143,299</u>

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Activities - Tri-Star Alliance, Inc. (the “Organization”) is a not-for-profit corporation organized in 2001. The Organization serves as a pass-through entity for in home day care providers to receive federal reimbursement for meals served in the day care settings. The Organization serves Clark, Crawford, Floyd, Harrison, Jefferson, Orange, Scott, and Washington counties in the State of Indiana.

Basis of Accounting - The Organization prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Modifications to the cash basis of accounting include periodic accrued liabilities.

Basis of Presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Organization is required to present a Statement of Functional Expenses - Modified Cash Basis.

Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment - The Organization expenses the cost of property and equipment in the year of the purchase.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is included in the accompanying financial statements. The Organization evaluates its uncertain tax positions in accordance with applicable standards. It has evaluated its tax positions, and believes that it has none that are uncertain. At the Statement of Assets, Liabilities and Net Assets Without Donor Restrictions - Modified Cash Basis date, the Organization’s Form 990s for the years ending December 2017 through 2019 remained subject to examination by the Internal Revenue Service.

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

Net Assets With Donor Restrictions - Net assets subject to donor-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 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.

Functional Allocation of Expenses - 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.

Date of Management’s Review - Management has evaluated events and transactions occurring subsequent to the Statement of Assets and Net Assets Without Donor Restrictions - Modified Cash Basis date of December 31, 2019 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through the date of the report, which is the date these financial statements were available to be issued.

TRI-STAR ALLIANCE, INC.
Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

New Accounting Pronouncements - In June 2018, the FASB issued ASU No. 2018-08, “Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made” (“ASU 2018-08”), effective for annual financial statements issued for fiscal years beginning after December 15, 2018. The core principle of this ASU is to assist entities in evaluating whether transactions are contributions (nonreciprocal transactions) or exchange (reciprocal) transactions. It also provides more guidance on whether contributions should be considered conditional.

The Organization has adopted ASU 2018-08. The Organization does not believe the application of the provisions has a material effect on the amounts presented or disclosed in the prior year.

Recent Accounting Pronouncements - The FASB also issued the following accounting standards, which will be effective in subsequent years: 1) ASU No. 2016-02, Leases, effective for fiscal years beginning after December 15, 2021; and 2) ASU No. 2016-13, Financial Instruments-Credit Losses, effective for fiscal years beginning after December 15, 2022.

The Organization is evaluating the impact of these standards on future financial statements.

NOTE 2 - CONCENTRATION OF REVENUE

For the years ending December 31, 2019 and 2018, the Organization received 100% of its revenue from the Indiana Department of Education for the services it provides to its home daycare centers.

NOTE 3 - LEASES

The Organization has a lease agreement with I.O.O.F. Hope Lodge for a drop box and office space in their facilities at 306 Bank Street, New Albany, Indiana. The annual lease has been renewed through September 2020. Under the agreement, the Organization agreed to pay \$75 per month. The Organization incurred office lease expense, which is included in occupancy expense of \$900 and \$900 for the years ending December 31, 2019 and 2018, respectively. The future minimum lease payments due for 2020 total \$675.

NOTE 4 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the statement of assets and net assets without donor restrictions - modified cash basis date consist of the following:

Cash	\$	4,697
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NOTE 5 - SUBSEQUENT EVENTS

On March 11, 2020 the World Health Organization designated COVID-19 a world health pandemic. Funding from Indiana Department of Education may be impacted by the pandemic. The Organization has evaluated the short-term and long-term impacts of this pandemic, the outcome of which is not predictable with assurance, and it is possible that the Organization could be affected negatively by these circumstances. Although the ultimate financial impact of this pandemic cannot be ascertained, after a thorough evaluation of existing funding and revenue projections, management believes that any resulting financial impact should not materially affect the financial position of the Organization as of December 31, 2019.

TRI-STAR ALLIANCE, INC.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019

Federal Grantors/Pass Through Grantor/Program Title	CFDA	Pass-Through Grantor's Awards Number	Federal Awards Expended
December 31, 2019 Indiana Department of Education			
Child and Adult Care Food Program	10.558	1100175	\$ <u>1,054,862</u>
Total			\$ <u>1,054,862</u>

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Tri-Star Alliance, Inc. under programs of the federal government for the year ended December 31, 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 Tri-Star Alliance, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATE

Tri-Star Alliance, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

TRI-STAR ALLIANCE, INC.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantors/Pass Through Grantor/Program Title	CFDA	Pass-Through Grantor's Awards Number	Federal Awards Expended
December 31, 2018 Indiana Department of Education			
Child and Adult Care Food Program	10.558	1100175	<u>\$ 1,143,299</u>
Total			<u>\$ 1,143,299</u>

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Tri-Star Alliance, Inc. under programs of the federal government for the year ended December 31, 2018. 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 Tri-Star Alliance, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST RATE

Tri-Star Alliance, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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
Tri-Star Alliance, Inc.

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 Tri-Star Alliance, Inc. (a nonprofit organization), which comprise the Statement of Assets and Net Assets Without Donor Restrictions - Modified Cash Basis as of December 31, 2019 and the related Statements of Support, Revenue and Expenses and Changes in Net Assets Without Donor Restrictions - Modified Cash Basis, and Functional Expenses - Modified Cash Basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tri-Star 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 Tri-Star Alliance, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2019-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tri-Star 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2019-002.

Tri-Star Alliance Inc.'s Response to Findings

Tri-Star Alliance, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Tri-Star Alliance, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rodefer Moss & Co, PLLC

Rodefer Moss & Co, PLLC
New Albany, Indiana
September 18, 2020



Independent Auditors' Report on Compliance For Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Tri-Star Alliance, Inc.

Report on Compliance for Each Major Federal Program

We have audited Tri-Star Alliance, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tri-Star Alliance, Inc.'s major federal programs for the year ended December 31, 2019. Tri-Star Alliance, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Tri-Star 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Tri-Star 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 Tri-Star Alliance, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Tri-Star 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 December 31, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

Tri-Star Alliance, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Tri-Star Alliance, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

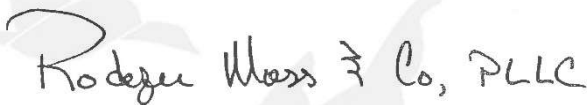
Management of Tri-Star Alliance, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Tri-Star Alliance, Inc.'s internal control over 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Tri-Star 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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002, that we consider to be a significant deficiency.

Tri-Star Alliance, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Tri-Star Alliance, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Rodefer Moss & Co, PLLC

Rodefer Moss & Co, PLLC
New Albany, Indiana
September 18, 2020

TRI-STAR ALLIANCE, INC.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: *unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Award

Internal control over major federal programs:

- Material weakness(es) identified? yes no
- Significant deficiencies identified? yes none reported

Type of auditor's report issued on compliance for major programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516 (a)?

yes no

Identification of major programs:

CFDA Number(s)

10.558

Name of Federal Program or Cluster

Child and Adult Care Food Program

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

yes no

TRI-STAR ALLIANCE, INC.
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

Section II - Financial Statement Findings

2019-001 FINDING #1 Lack of Segregation of Duties

- Condition: The Organization has limited personnel, which are husband and wife, along with their daughter, resulting in lack of segregation of duties.
- Criteria: The fundamental concept in a good system of internal control is proper segregation of duties. The basic premise is that no one employee should have access to both assets and the related accounting records or to all phases of a transaction.
- Effect: Because of limited personnel, one person handles all phases of most transactions. The result is that intentional or unintentional errors could be made and not detected in a timely manner.
- Cause: The Organization has limited personnel.
- Recommendation: The Organization should consider dividing incompatible duties between employees so that no one employee has access to all phases of a transaction.
- Response: The Organization has divided and assigned specific duties for recording transactions to limit the possibility of recording errors. The Organization believes that, in dividing incompatible duties between employees, mitigating factors are present to reduce the risk present with lack of segregation of duties.

Section III - Federal Award Findings and Questioned Costs

See 2019-001 FINDING #1 under Section II - Financial Statement Findings

2019-002 FINDING #2 Incomplete Site Monitoring

- Condition: The Organization did not complete the required site visits resulting in incomplete site monitoring.
- Criteria: The Organization is required to visit each site three times during their contract year of 10/01/18 - 9/30/19. The visits are to ensure each provider is meeting their requirements to receive funding.
- Effect: The result is that intentional or unintentional errors by the provider could be made and not detected in a timely manner resulting in funds that should not be received.
- Cause: The Organization completed three site visits within a calendar year, but only completed two site visits within the contract year.
- Recommendation: The Organization should consider planning their site visits in advance to ensure each provider will have three visits within their contract year.
- Response: The Organization has made their policy more clear that the site visits should occur in the contract year rather than the calendar year. The Organization will plan ahead their visits to ensure all providers have three visits during the contract year.

TRI-STAR ALLIANCE, INC.
Corrective Action Plan
Year Ended December 31, 2019

Finding 2019-001: Management's comments are as follows:
Tri-Star Alliance, Inc. has divided and assigned specific duties for recording transactions among employees to limit the possibility of recording errors. The Organization believes that, in dividing incompatible duties among employees, mitigating factors are present to reduce the risk present with lack of segregation of duties.

Status: The Organization believes the finding has been adequately addressed provided limited staff.

Finding 2019-002: Management's comments are as follows:
Tri-Star Alliance, Inc. has made an edit to their monitoring procedures to ensure the wording includes "contract year 10/01 – 9/30". The Organization believes that this will make sure there is no confusion when using the term "year". The Organization will ensure required site visits are completed each contract year.

Status: The Organization believes the finding has been adequately addressed.



TRI-STAR ALLIANCE, INC.
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2019

2018-001 FINDING #1 Lack of Segregation of Duties

Condition: The Organization has limited personnel with lack of segregation of duties.

Recommendation: The Organization should consider dividing incompatible duties among employees so that no one employee has access to all phases of a transaction.

Status: Although lack of segregation of duties is still present and is reported as a current finding, the Organization has divided and assigned specific duties for recording transactions to limit the possibility of recording errors. The Organization believes that, in dividing incompatible duties among employees, mitigating factors are present to reduce the risk present with lack of segregation of duties.

