

Audited Financial Statements
and
Single Audit Reports
December 31, 2020

MHP SALUD

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
MHP Salud

Report on the Financial Statements

We have audited the accompanying financial statements of MHP Salud (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MHP Salud as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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* (Uniform Guidance), 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 June 12, 2021, on our consideration of the Organization'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 the Organization'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 the Organization's internal control over financial reporting and compliance.


Schall & Ashenfarb
Certified Public Accountants, LLC

June 12, 2021

MHP SALUD
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2020
(With comparative totals at December 31, 2019)

	<u>12/31/20</u>	<u>12/31/19</u>
Assets		
Cash and cash equivalents	\$797,000	\$940,977
Government grants receivable	550,010	675,871
Contributions receivable	513,445	0
Prepaid expenses and other assets	122,679	106,943
Total assets	<u>\$1,983,134</u>	<u>\$1,723,791</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$176,404	\$139,773
Total liabilities	<u>176,404</u>	<u>139,773</u>
Net assets:		
Without donor restrictions	1,143,285	1,227,190
With donor restrictions (Note 3)	663,445	356,828
Total net assets	<u>1,806,730</u>	<u>1,584,018</u>
Total liabilities and net assets	<u>\$1,983,134</u>	<u>\$1,723,791</u>

The attached notes and auditor's report are an integral part of these financial statements.

MHP SALUD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

(With comparative totals for the year ended December 31, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 12/31/20</u>	<u>Total 12/31/19*</u>
Public support and revenue:				
Government grants	\$4,073,243		\$4,073,243	\$3,600,587
Contributions	20,831	\$663,445	684,276	764,784
Program fee income	84,257		84,257	52,200
Interest	611		611	121
Other income	4,419		4,419	2,311
Net assets released from restrictions (Note 3)	356,828	(356,828)	0	0
Total public support and revenue	<u>4,540,189</u>	<u>306,617</u>	<u>4,846,806</u>	<u>4,420,003</u>
Expenses:				
Program services	3,613,933		3,613,933	3,256,988
Supporting services:				
Management and general	950,182		950,182	969,283
Fundraising	59,979		59,979	52,318
Total expenses	<u>4,624,094</u>	<u>0</u>	<u>4,624,094</u>	<u>4,278,589</u>
Change in net assets	(83,905)	306,617	222,712	141,414
Net assets - beginning of year	<u>1,227,190</u>	<u>356,828</u>	<u>1,584,018</u>	<u>1,442,604</u>
Net assets - end of year	<u><u>\$1,143,285</u></u>	<u><u>\$663,445</u></u>	<u><u>\$1,806,730</u></u>	<u><u>\$1,584,018</u></u>

*Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

MHP SALUD
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With comparative totals for the year ended December 31, 2019)

	<u>Supporting Services</u>			<u>Total Expenses 12/31/20</u>	<u>Total Expenses 12/31/19</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries	\$2,168,676	\$545,992	\$41,683	\$2,756,351	\$2,412,455
Employee benefits	821,390	142,998	15,564	979,952	856,455
Total salaries and benefits	<u>2,990,066</u>	<u>688,990</u>	<u>57,247</u>	<u>3,736,303</u>	<u>3,268,910</u>
Professional fees		103,388		103,388	119,234
Supplies	209,744	13,102	319	223,165	184,448
Equipment	19,344	6,211	6	25,561	20,151
Contracted services	191,476			191,476	183,253
Insurance		10,192		10,192	10,178
IT and technology	73,010	29,266	885	103,161	114,590
Occupancy	11,453	52,789	53	64,295	65,743
Travel	102,331	22,958	135	125,424	268,827
Staff development and recruitment	10,675	7,199		17,874	17,804
Other	5,834	16,087	1,334	23,255	25,451
Total	<u><u>\$3,613,933</u></u>	<u><u>\$950,182</u></u>	<u><u>\$59,979</u></u>	<u><u>\$4,624,094</u></u>	<u><u>\$4,278,589</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

MHP SALUD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With comparative totals for the year ended December 31, 2019)

	<u>12/31/20</u>	<u>12/31/19</u>
Cash flows from operating activities:		
Change in net assets	\$222,712	\$141,414
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Changes in assets and liabilities:		
Government grants receivable	125,861	(46,302)
Contributions receivable	(513,445)	0
Prepaid expenses and other assets	(15,736)	(28,771)
Accounts payable and accrued expenses	36,631	35,412
Deferred revenue	0	(210,524)
Total adjustments	<u>(366,689)</u>	<u>(250,185)</u>
Net cash used for operating activities/net decrease in cash and cash equivalents	(143,977)	(108,771)
Cash and cash equivalents - beginning of year	<u>940,977</u>	<u>1,049,748</u>
Cash and cash equivalents - end of year	<u><u>\$797,000</u></u>	<u><u>\$940,977</u></u>
 Supplemental disclosure:		
Taxes and interest paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditor's report are an integral part of these financial statements .

MHP SALUD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Note 1 - Organization

MHP Salud (the “Organization”) is a nonprofit organization that implements community health worker programs to empower underserved Latino communities and promote culturally appropriate strategies to improve its client’s health and well-being. The Organization’s programs primarily operate in Florida, Michigan, Washington, and Texas and provide peer health education, increase access to health resources and bring community members together with health providers, employers, and policymakers to create positive change. The Organization’s community leaders provide the inspiration, direction, and vision necessary to build stronger and healthier communities from within.

For the year ended December 31, 2020, the Organization used funding from the following grants:

1. US Department of Health and Human Services - Tech Assist to Community & Migrant Health Centers & Homeless/Capacity Building Assistance (2019-2020)
2. US Department of Health and Human Services - Tech Assist to Community & Migrant Health Centers & Homeless/Capacity Building Assistance (2020-2021)
3. US Department of Justice – Voces Unidas
4. US Department of Justice – El Arte de Sobrevivir Orange Co.
5. US Department of Health and Human Services - Navigator (2019-2020)
6. US Department of Health and Human Services - Navigator (2020-2021)
7. US Department of Health and Human Services - Special Programs for the Aging
8. US Department of Health and Human Services - Connecting Kids to Coverage (2019-2020)
9. US Department of Health and Human Services - Connecting Kids to Coverage (2020-2021)
10. Texas Health and Human Services Commission – SNAP ED
11. Blue Cross Blue Shield of Texas Foundation – Healthy Outcome – Healthy Living
12. Knapp Community Care Foundation - 2020 KCCF Emergency Grant
13. Valley Baptist Legacy Foundation - Mentas Fuertes, Pasos Firme

The Organization has been notified by the Internal Revenue Service that it is a not-for-profit entity exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting which is the process of recording revenue and expenses when earned or incurred rather than when received or paid.

b. Basis of Presentation

The Organization's net assets are classified based upon the existence or absence of donor-imposed restrictions as follows:

- *Net Assets Without Donor Restrictions* – represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact, in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

c. Revenue Recognition

The Organization follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2018-08 ("Topic 605") for recording contributions. Contributions are recorded at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions.

The Organization records unconditional promises to give as revenue in the period received at net realizable value if expected to be received within one year or at fair value using risk adjusted present value techniques if material and expected to be received after one year. Of the total contributions receivable, \$238,830 is expected to be collected within one year and \$274,615 is expected to be collected in two to five years. Due to its immaterial nature, no discount to present value has been taken.

Contributions and grants may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Government grants received by the Organization are primarily conditional, non-exchange transactions and fall under the scope of Topic 605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Conditional grants that have not been recognized amounted to \$2,340,023 and \$2,711,759 as of December 31, 2020 and December 31, 2019, respectively. These grants are conditioned upon qualifying expenses being incurred.

The Organization follows FASB's ASU No. 2014-09 ("Topic 606") for recognizing revenue from contracts with customers. Training and consulting services for community health worker programs fall under the scope of Topic 606 and have been included with program fee income in the statement of activities. Revenue is recognized as the performance obligation is satisfied and services are provided.

Training and consulting services fees that have yet to be collected at year end are reflected as accounts receivable; whereby, fees collected in advance of being earned are reflected as deferred revenue.

Based on a review of outstanding receivables and historical experience, management expects all receivables to be collected and has not established an allowance for doubtful accounts. Write-offs, if any, will be recorded as expenses in the year they are deemed to be uncollectible.

d. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentration of credit risk consist of cash and money market accounts which are placed with financial institutions that management deems to be creditworthy. At year end and at various times throughout the year, balances were in excess of insured amounts. The Organization did not suffer any losses due to bank failure.

f. Management Estimates

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

g. Fixed Assets

Equipment and furniture that exceed \$2,000 and that have a useful life of greater than one year are recorded at cost or at fair value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful life of the respective asset as follows:

Computer equipment – 5 years

Furniture and fixtures – 5 years

Leasehold improvements – 5 years

h. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort as the basis:

- Salaries
- Employee benefits

All other expenses have been charged directly to the applicable program or supporting services.

i. Advertising

Advertising costs are expensed as incurred.

j. Donated Goods and Services

Donated services are recognized in circumstances where the service creates or enhances a non-financial asset or where those services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

k. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2017 and later are subject to examination by applicable taxing authorities.

l. Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

m. New Accounting Pronouncements

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the December 31, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

Management is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Net Assets With Donor Restrictions

Activity in the class of net assets with donor restrictions is as follows:

	<u>December 31, 2020</u>			
	Beginning Balance <u>1/1/20</u>	<u>Increases</u>	Released from <u>Restrictions</u>	Ending Balance <u>12/31/20</u>
Program restricted:				
Healthy Outcomes	\$0	\$513,445	\$0	\$513,445
Community Health Workers Training	0	150,000	0	150,000
Live a Fulfilling Life	150,000	0	(150,000)	0
Strong Minds, Firm Steps	<u>206,828</u>	<u>0</u>	<u>(206,828)</u>	<u>0</u>
Total program restricted	<u>\$356,828</u>	<u>\$663,445</u>	<u>(\$356,828)</u>	<u>\$663,445</u>
	<u>December 31, 2019</u>			
	Beginning Balance <u>1/1/19</u>	<u>Increases</u>	Released from <u>Restrictions</u>	Ending Balance <u>12/31/19</u>
Program restricted:				
Live a Fulfilling Life	\$0	\$312,010	(\$162,010)	\$150,000
Strong Minds, Firm Steps	<u>0</u>	<u>450,784</u>	<u>(243,956)</u>	<u>206,828</u>
Total program restricted	<u>\$0</u>	<u>\$762,794</u>	<u>(\$405,966)</u>	<u>\$356,828</u>

Note 4 - Operating Leases

The Organization has offices in Texas and Michigan under non-cancelable leases that expire at various dates through December 31, 2023.

Minimum future obligations for all commitments are as follows:

Year ending:	December 31, 2021	\$40,500
	December 31, 2022	7,500
	December 31, 2023	<u>7,800</u>
Total		<u>\$55,800</u>

Total rent expense was \$53,220 and \$56,450 for the years ended December 31, 2020 and 2019, respectively.

Note 5 - Retirement Plans

The Organization maintains a 401(k)-retirement plan with both employer and employee contributions. The Organization's contributions to the retirement plan totaled \$228,567 and \$204,661 for the years ended December 31, 2020 and 2019, respectively.

Note 6 - Significant Concentrations

Approximately 56% and 40% of public support was received from one government agency during the years ending December 31, 2020 and 2019, respectively.

In addition, one foundation had receivable balances that consisted of 78% of contributions receivable as of December 31, 2020. There were no contribution receivables as of December 31, 2019. One government agency had a receivable balance that consisted of 66% and 35% of government grants receivable as of December 31, 2020 and 2019, respectively.

Note 7 - Availability and Liquidity

Financial assets at December 31, 2020 available to meet cash needs for general expenditures within one year are as follows:

Cash and cash equivalents	\$797,000	
Government grants receivable	550,010	
Contribution receivables, due within one year	<u>238,830</u>	
Total financial assets		\$1,585,840
Less amounts not available to be used within one year:		
Program restricted contributions		<u>(663,445)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$922,395</u>

The Organization regularly monitors liquidity to meet its operating needs. The Organization attempts to operate within a balanced budget and anticipates collecting sufficient revenue from current year and future year government and other grants to cover general expenditures.

Note 8 - Subsequent Events

Management has evaluated the impact of all subsequent events through June 12, 2021, which is the date that the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.

Note 9 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is unknown how long these conditions will last and what the complete financial effect will be. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.

**MHP SALUD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Grantor	Federal CFDA #	Grant Number	Federal Expenditures **
<u>U.S. Department of Health and Human Services:</u>			
Technical and Non-Financial Assistance to Health Centers, direct	93.129	U30CS09744	\$672,977
Children's Health Insurance Program, direct	93.767	1Y1CMS331694-01-00	582,884
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects, direct	93.048	90HDRC0004-01-00	68,324
Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges, direct	93.332	3 NAVCA190367-01-01	<u>1,379,721 *</u>
Total U.S. Department of Health and Human Services			<u>2,703,906</u>
<u>U.S. Department of Agriculture:</u>			
SNAP Cluster ***			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, pass-through the Texas Health and Human Services Commission	10.561	529-17-0046-00001	<u>1,101,284</u>
Total U.S. Department of Agriculture			<u>1,101,284</u>
<u>U.S. Department of Justice</u>			
Grants for Outreach and Services to Underserved Populations, direct	16.889	2016-UD-AX-0002	154,316
Crime Victim Assistance/Discretionary Grants, direct	16.582	2018-V3-GX-K052	<u>113,737</u>
Total U.S. Department of Justice			<u>268,053</u>
Total Federal Expenditures			<u>\$4,073,243</u>

*Indicates a major program.

**No programs used subrecipients.

*** This program was part of the SNAP Cluster:

CFDA 10.551 Supplemental Nutrition Assistance Program (SNAP)

CFDA 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

MHP SALUD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of MHP Salud (the "Organization") under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in OMB's *Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Under federal cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 - Sub-Recipients

There were no amounts provided to subrecipients from federal awards received during the year ended December 31, 2020.

Note 4 - Indirect Cost Rate

The Organization has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance as it has a negotiated indirect cost rate.

Note 5 - Ohio Department of Health Award

The Organization received a Sexual Assault Services Formula Program award passed through the Ohio Department of Health in the amount of \$100,000 for the year ended December 31, 2019. \$64,956 was received during the year ended December 31, 2019 and \$35,044 was received during the year ended December 31, 2020.

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.

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
MHP Salud

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 MHP Salud (the "Organization") which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated June 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization'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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Schall & Ashenfarb
Certified Public Accountants, LLC

June 12, 2021

INDEPENDENT AUDTOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
MHP Salud

Report on Compliance for Each Major Federal Program

We have audited MHP Salud's (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2020. The Organization'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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 the Organization's compliance

Opinion on Each Major Federal Program

In our opinion, the Organization 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, 2020.

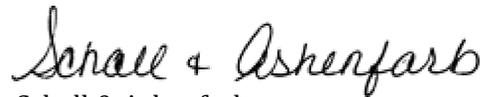
Report on Internal Control over Compliance

Management of the Organization 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 the Organization'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 the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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


Schall & Ashenfarb
Certified Public Accountants, LLC

June 12, 2021

**MHP SALUD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	UNMODIFIED
Internal control over financial reporting:	
Material weakness(es) identified?	___ Yes <u>X</u> No
Significant deficiency identified Not considered to be material weaknesses?	___ Yes <u>X</u> No
Noncompliance material to financial statements noted?	___ Yes <u>X</u> No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	___ Yes <u>X</u> No
Significant deficiency identified Not considered to be material weaknesses?	___ Yes <u>X</u> No
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 Uniform Guidance, Section 516(a)?	___ Yes <u>X</u> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.332	Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	<u>X</u> Yes ___ No

**MHP SALUD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Section II – Financial Statement Findings

Current Year:

None

Prior Year Follow-Up:

None

Section III – Federal Award and Findings and Questioned Costs

Current Year:

None

Prior Year Follow-Up:

2019-001 – Procurement: This matter was corrected and not repeated as a finding.