

MHP SALUD

AUDITED ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

A stylized blue cursive signature of Suzanne E. Minozzi, PLLC. Below the signature, the text "CERTIFIED PUBLIC ACCOUNTANT" is written in a green, sans-serif font.

CERTIFIED PUBLIC ACCOUNTANT

MHP SALUD

AUDITED FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2015

Board of Directors

Fabio Arcila, Jr.
- President

Gayle A. Lawn-Day,
PhD – Secretary

Jack Ketterlinus, MBA
- Treasurer

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Chief Executive Officer
Gayle A. Lawn-Day, PhD

MHP SALUD
AUDITED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
MHP Salud
Weslaco, Texas

Report on the Financial Statements

I have audited the accompanying financial statements of MHP Salud (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MHP Salud as of December 31, 2015 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.

Other Matters

Other Information

My 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 my 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*, I have also issued my report dated March 15, 2016, on my consideration of MHP Salud's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 MHP Salud's internal control over financial reporting and compliance.



Suzanne E. Munoz, PLLC
Certified Public Accountant
Pharr, TX 78577
March 15, 2016

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MHP SALUD
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

<u>ASSETS</u>	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Current Assets				
Cash and Cash Equivalents	\$ 790,152	\$ -	\$ -	\$ 790,152
Grants Receivable	488,892	-	-	488,892
Other Assets	27,863	-	-	27,863
Endowment Funds Held By Others	-	-	4,782	4,782
Total Current Assets	<u>1,306,907</u>	<u>-</u>	<u>4,782</u>	<u>1,311,689</u>
Fixed Assets				
Property and Equipment, Net	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Total Fixed Assets	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Total Assets	<u><u>\$ 1,308,907</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,782</u></u>	<u><u>\$ 1,313,689</u></u>
 <u>LIABILITIES</u>				
Current Liabilities				
Accounts Payable	\$ 4,167	\$ -	\$ -	\$ 4,167
Accrued Liabilities	3,515	-	-	3,515
Accrued Payroll and Related	28,868	-	-	28,868
Deferred Revenue	<u>154,959</u>	<u>-</u>	<u>-</u>	<u>154,959</u>
Total Current Liabilities	191,509	-	-	191,509
Net Assets				
Unrestricted	<u>1,117,398</u>	<u>-</u>	<u>4,782</u>	<u>1,122,180</u>
Total Net Assets	<u>1,117,398</u>	<u>-</u>	<u>4,782</u>	<u>1,122,180</u>
Total Liabilities and Net Assets	<u><u>\$ 1,308,907</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,782</u></u>	<u><u>\$ 1,313,689</u></u>

The accompanying notes are an integral part of these financial statements

MHP SALUD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support				
Grants	\$ -	\$ 3,085,449	\$ -	\$ 3,085,449
Contributions	3,772	-	-	3,772
Contract, Fees, and Reimbursements	9,721	-	-	9,721
Other Revenues and Fees	4,388	-	-	4,388
	<u>17,881</u>	<u>3,085,449</u>	<u>-</u>	<u>3,103,330</u>
Net Assets Released from Restrictions				
Restrictions satisfied by incurring expenses imposed by donor	3,085,449	(3,085,449)	-	-
Total Revenues, Gains and Other Support	<u>3,103,330</u>	<u>-</u>	<u>-</u>	<u>3,103,330</u>
Expenses				
Program Services				
Health Prmotion	2,619,233	-	-	2,619,233
Total Program Services	<u>2,619,233</u>	<u>-</u>	<u>-</u>	<u>2,619,233</u>
Supporting Services				
General and Administrative	363,659	-	-	363,659
Fundraising and Grant Development	63,299	-	-	63,299
Total Support Expenses	<u>426,958</u>	<u>-</u>	<u>-</u>	<u>426,958</u>
Total Expenses	<u>3,046,191</u>	<u>-</u>	<u>-</u>	<u>3,046,191</u>
Change in unrestricted net assets	57,139	-	-	57,139
Other Income (Expense)				
Interest Income	166	-	-	166
Total Other Income	<u>166</u>	<u>-</u>	<u>-</u>	<u>166</u>
Change in Net Assets	57,305	-	-	57,305
Net Assets, January 1, 2015	1,060,093	-	4,782	1,064,875
Net Assets, December 31, 2015	<u>\$ 1,117,398</u>	<u>\$ -</u>	<u>\$ 4,782</u>	<u>\$ 1,122,180</u>

The accompanying notes are an integral part of these financial statements

MHP SALUD
SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services		Support Services		Total
	Health Promotion	Total	Administrative	Fundraising and Grant Development	Expenses
Salaries- Senior Management	\$ 372,350	\$ 372,350	\$ -	\$ -	\$ 372,350
Other Salaries	1,245,839	1,245,839	137,958	33,611	1,417,408
Total Compensation	1,618,189	1,618,189	137,958	33,611	1,789,758
Pension Plan	113,078	113,078	10,388	2,644	126,110
Insurance	202,019	202,019	14,462	4,493	220,974
Payroll Taxes	154,276	154,276	11,909	3,233	169,418
Total Employee Benefits	469,373	469,373	36,759	10,370	516,502
Total Compensation and Employee Benefits	2,087,562	2,087,562	174,717	43,981	2,306,260
Occupancy	51,497	51,497	-	-	51,497
Office Expense	51,575	51,575	39,095	6,879	97,549
Travel	205,375	205,375	38,088	12,439	255,902
Fees For Services	135,032	135,032	63,651	-	198,683
Insurance	6,695	6,695	-	-	6,695
Conferences, Conventions, & Meetings	19,811	19,811	-	-	19,811
Contracts Programs	2,000	2,000	45,000	-	47,000
Promotion and Advertising	10,607	10,607	-	-	10,607
Other Expense	4,433	4,433	1,108	-	5,541
Depreciation	-	-	2,000	-	2,000
Information Technology	44,646	44,646	-	-	44,646
Total Expenses	\$ 2,619,233	\$ 2,619,233	\$ 363,659	\$ 63,299	\$ 3,046,191

The accompanying notes are an integral part of these financial statements

MHP SALUD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

Cash Flows from Operating Activities:

Change in Net Assets		
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	\$	57,305
Depreciation Expense		2,000
(Increase) Decrease in Grants Receivable		99,610
(Increase) Decrease in Other Assets		(8,561)
Increase (Decrease) in Accounts Payable		(3,641)
Increase (Decrease) in Accounts Accrued Liabilities		763
Increase (Decrease) in Accrued Payroll and Related		10,394
Increase (Decrease) in Deferred Revenues		(32,533)
Net Cash Provided (Used) by Operating Activities		125,337

Cash Flows from Investing Activities:

-

Cash Flows from Financing Activities:

-

Net Increase (Decrease) in Cash and Cash Equivalents 125,337

Cash and Cash Equivalents at Beginning of Year 664,815

Cash and Cash Equivalents at Ending of Year \$ 790,152

Amount Paid for Interest Expense \$ -

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

MHP SALUD
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies

Nature of Business

MHP Salud implements Community Health Worker programs to empower underserved Latino communities and promotes the CHW model nationally as a culturally appropriate strategy to improve health.

Our programs provide peer health education, increase access to health resources and bring community members together with health providers, employers and policymakers to create positive changes. Community leaders, called *Promotores* and *Promotoras*, provide the inspiration, direction and vision necessary to build stronger, healthier communities — from within.

We are currently celebrating over 30 years of service and we maintain offices in Florida, Michigan, Ohio, Washington and South Texas. Our grants this year consist of:

1	Amor Maternal
2	Tech Assist to Community & Migrant Health Centers & Homeless/Capacity Building Assistance
3	Department of Justice-Un Nuevo Manana
4	Department of Justice - El Arte de Sobrevivir
5	Colonia Outreach Program
6	Navigator (2013-2015)
7	Navigator-Phase 2 (2015-2015)
8	NUCA
9	I2 Initiative
10	CPRIT Cancer
11	First Food Kellogg Initiative
12	Section 1115 Waiver
13	Shire Contract
14	Clannad Summer 2015
15	Community Catalyst

MHP Salud is funded by government and private grants, as well as contributions.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

Contributions

The Corporation reports contributions in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Under SFAS No. 116, contributions are reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction.

MHP SALUD
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Contributed Services

During the year ended December 31, 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Corporation in carrying out its programs.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or at their estimated market value at the date of receipt from donors. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Expenditures for maintenance and repairs are charged to operations. Depreciation is computed for financial statement purposes on a straight-line basis over the estimated lives of the related assets. The estimated useful lives of depreciable assets range from five to twenty-five years.

Advertising Costs

Advertising costs are charged to operations when incurred. Total advertising expenses for the year ended December, 2015 were \$10,607.

Compensated Absences

Vested or accumulated vacation leave is recorded as expenses and liabilities of those funds as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, "Accounting for Compensated Absences," no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

Financial Statement Presentation

The Financial Statements of the Corporation are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statement of Not-for-Profit Organization". Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

MHP SALUD
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Investments

The Corporation elected to adopt SFAS No. 124 "Accounting for Certain Investments Held by Not-for-Profit Organizations" in 1996. Under SFAS No. 124 investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. These effects are included in changes in unrestricted net assets because the gains and losses are unrestricted. This change had no effect on the Corporation's financial statements.

Interest Rate Risk

While the Corporation does have a formal, Board-approved investment policy, it did not have any investments as of December 31, 2015.

Concentration of Credit Risk

The Corporation's policy limits the deposits in any one-bank institution to their extent of FDIC coverage. This policy does not extend to contributions or donations from the community.

Federal Income Taxes

The Corporation is a non-profit organization exempt from income tax under Section 501(C)3 of the Internal Revenue Code. Form 990, the federal information return for exempt organizations is filed annually with the Internal Revenue Service.

Disclosures about Fair Value of Financial Instruments

The estimated fair values of the Corporation's financial instruments at December 31, 2015 and the methods and assumptions used to estimate such fair values are as follows:

Cash: Fair values approximate the carrying amount because of the short maturity of the instruments.

Due from Other Agencies: The fair value of the receivables approximates the carrying amount, as the origination date was December 31, 2015.

Promises to Give: Fair value approximates the carrying amount. To date the Corporation has not had any grants or contracts reduced.

Other Liabilities: The fair value of the amount due to others approximates the carrying amount, as the origination date was December 31, 2015.

Restrictions on Net Assets

Substantially, all of the restrictions on net assets at December 31, 2015 relate to funding from governmental agencies and endowment funds held in trust by others.

MHP SALUD
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the company considers all securities purchased with a maturity of three months or less to be cash equivalents.

Custodial credit risk refers to the risk that in the event of bank failure, the Corporation's deposits may not be returned to it.

The Corporation's Board approved fiscal policy is to maintain demand and time deposits through local depository banks that are members of the Federal Reserve System.

Note 2 – Cash and Cash Equivalents

All cash deposits are held at Wells Fargo, Huntington National Bank, and Chase Bank under depository agreements. The Federal Deposit Insurance Corporation (F.D.I.C.) insures deposits of the Corporation up to \$250,000 at each depository institution. All cash funds were secured by FDIC. The carrying amounts of cash & cash equivalents reported on the financial statements approximate fair market value because of the short-term maturities of these instruments.

Cash and Cash Equivalents as of December 31, 2015 was as follows:

	<u>Amounts</u>
Wells Fargo	\$ 510,434
Huntington National Bank and Chase	279,718
Total Cash and Cash Equivalents	<u>\$ 790,152</u>

Note 3 – Accounts Receivable- Grants and Contracts

As of December 31, 2015, accounts receivable from grants and contracts was composed of the following:

	<u>Amounts</u>
Accounts Receivable- Federal	\$ 225,291
Accounts Receivable- Non-Federal	263,601
Total Accounts Receivable	<u><u>488,892</u></u>

Note 4 – Temporarily Restricted Net Assets

Net assets totaling \$3,085,449 were released from restrictions by incurring expenses satisfying the restricted purposes or the occurrence of other events specified by donors.

MHP SALUD
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2015

Note 5 – Permanently Restricted Net Assets

In 2001 MHP Salud began a campaign to raise endowment funds. In addition to funds sent directly to the Ann Arbor Community Foundation. MHP Salud collected a total of \$4,782 prior to June 30, 2002, which it forwarded to the Foundation. The Foundation agreed to distribute funds annually based on their current spending policy. The agreement between MHP Salud and the Foundation grants the Foundation variance power to redirect the use of gifts or assets to another beneficiary so that the donor's charitable interest may be served in perpetuity. The amount of this portion of the Endowment Fund is permanently restricted and shown on the Statement of Financial Position as Endowment Funds Held by Others.

Note 6- Retirement Plan

MHP Salud maintains a Tax Sheltered Annuity (TSA) Retirement Plan which is administered by Nova & Associates or Principal & Lincoln Insurance Companies. To qualify for an employer contribution, an employee must complete six months of service and work 1,000 hours. After qualifying and in each subsequent plan year an employee works 1000 hours, MHP Salud will make an employer contribution in an amount equal to 6.5% of their salary earned during the plan year effective Jan 1, 2015. Employees may contribute an additional amount if desired up to the amount maximum designated by law. Employees may choose to make employee salary deferrals into the 403(b) retirement plan from the date of hire in any amount up to the maximum amount designated by law. Employees are fully vested in contributions made on their behalf by MHP Salud. MHP Salud's contributions to the TSA Retirement Plan were \$126,110 for the year ended December 31, 2015.

Note 7- Operating Lease Agreement

MHP Salud is currently leasing office equipment and office space on non-cancelable operating leases MHP Salud's minimum annual lease commitment is as follows:

	<u>Amounts</u>
FYE December 31, 2016	\$ 38,220
Thereafter	-
Total Operating Lease	<u><u>\$ 38,220</u></u>

Operating lease and rental expense totaled \$36,991 for the year ended December 31, 2015.

Note 8-Fixed Assets & Depreciation

Fixed assets for the Corporation as of December 31, 2015 are summarized as follows:

	Balance as of 12/31/2014	Additions	Deletions	Balance as of 12/31/2015
Depreciable Assets				
Computer Software	10,000	-	-	10,000
Total Depreciable Assets	10,000	-	-	10,000
Less:				
Accumulated Depreciation	(6,000)	(2,000)	-	(8,000)
Total Capital Assets Net of Accumulated Depreciation	<u>\$ 4,000</u>	<u>\$ (2,000)</u>	<u>\$ -</u>	<u>\$ 2,000</u>

There were no actual additions or disposals in the current year. Depreciation totaled \$2,000 for the year with an ending accumulated depreciation of \$8,000 and net value of \$2,000.

MHP SALUD
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2015

Note 9- Insurance

The Organization had general liability insurance and directors' and officers' liability insurance in force throughout the audit period with limits of liability of \$1,000,000 on each.

Note 10- Evaluation of Subsequent Events

The Organization has evaluated subsequent events through March 15, 2016, the date that the financial statements were available to be issued.

Note 11- Net Income (Loss) by Program

The Organization has revenues and direct and indirect expenses as follows on page 14 of the notes:

	Revenue	Expenses			Total	Net Income (Loss)
		Direct	Indirect	Grant Development		
Tech Assist to Community & Migrant Health Centers & Homeless/ Capacity Building Assistance	\$ 680,809	\$ 539,677	\$ 141,132	\$ -	\$ 680,809	\$ -
Department of Justice- Un Nuevo Man	105,597	83,807	21,790	-	105,597	-
El Arte De Sobrevivir	179,572	142,590	36,982	-	179,572	-
Navigator	631,471	501,269	130,202	-	631,471	-
NUCA	150,662	118,162	32,500	-	150,662	-
Colonia Outreach Program	150,345	110,143	40,202	-	150,345	-
UTHSC- Houston 1115 Program	572,616	572,616	-	-	572,616	-
Total Federal Grants	2,471,072	2,068,264	402,808	-	2,471,072	-
Private Foundation Grants	614,377	561,458	52,919	-	614,377	-
Other	-	-	-	-	-	-
Total Non- Federal Grants	614,377	561,458	52,919	-	614,377	-
Fundraising and Grant Development	-	-	-	63,299	63,299	(63,299)
Misc. Contributions	3,772	-	-	-	-	3,772
Total Other Income	3,772	-	-	63,299	63,299	(59,527)
Total Other Income	\$ 3,089,221	\$ 2,629,722	\$ 455,727	\$ 63,299	\$ 3,148,748	\$ (59,527)



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

To the Board of Directors of
MHP Salud
Weslaco, TX

I 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 (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015 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 my report thereon dated March 15, 2016.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered MHP Salud's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MHP Salud's internal control. Accordingly, I do not express an opinion on the effectiveness of MHP Salud'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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 MHP Salud's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.



Suzanne E. Munoz, PLLC
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March 15, 2016

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

To the Board of Directors of
MHP Salud
Weslaco, Texas

Report on Compliance for Each Major Federal Program

I have audited MHP Salud'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 MHP Salud's major federal programs for the year ended December 31, 2015. MHP Salud'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

My responsibility is to express an opinion on compliance for each of MHP Salud's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 MHP Salud's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of MHP Salud's compliance.

Opinion on Each Major Federal Program

In my opinion, MHP Salud 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, 2015.

Report on Internal Control Over Compliance

Management of MHP Salud is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered MHP Salud'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, I do not express an opinion on the effectiveness of MHP Salud'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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.



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March 15, 2016

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MHP SALUD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2015

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? _____ YES X NO

One or more significant deficiencies identified that are not considered to be material weaknesses? _____ YES X None Reported

Non-compliance material to financial statements noted? _____ YES X NO

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? _____ YES X NO

One or more significant deficiencies identified that are not considered to be material weaknesses? _____ YES X 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 section 200.516(b) of Uniform Guidance? _____ YES X NO

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? _____ YES X NO

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.332	Navigator Coop
93.129	Capacity Bldg

B. Financial Statement Findings

None

C. Federal Award Findings

None

MHP SALUD
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2015

Section II - Financial Statement Findings

No findings identified in the prior year

Section III – Federal Awards Findings

No findings identified in the prior year

MHP SALUD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2015

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Texas Health and Human Services Commission			
Colonial Outreach Program	93.091	529-11-00006-0000	\$ 150,345
Subtotal			<u>150,345</u>
Health Resources and Services Administration			
Capacity Building Assistance	93.129	U30CS09744-03	680,809
NUCA II Program	93.004	MPCMP121067	150,662
Rural Health Network Development	93.312	P1ORH28457-01	32,968
Navigator Coop	93.332	NAVCA150270-01	631,471
Subtotal			<u>1,495,910</u>
Total Direct Awards			<u>1,646,255</u>
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$1,646,255</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Office of Violence Against Women:			
Un Nuevo Manana	16.013	2009-KS-AX-K001	105,597
El Arte De Sobrevivir		2011-UW-AX-0008	179,572
Total Direct Awards			<u>285,169</u>
Total DEPARTMENT OF JUSTICE			<u>285,169</u>
PASS- THROUGH AWARDS			-
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,931,424</u>

MHP SALUD
NOTES ON ACCOUNTING POLICIES
FOR FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015

1. General

The accompanying Schedule of Expenditures of Federal and Awards presents the activity of all Federal and state Award Programs of the MHP Salud (a nonprofit organization).

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the accrual basis of accounting, which is described in Note 1 to the financial statements. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

3. Indirect Cost Rate

MHP Salud did not elect to use the 10% de minimis indirect cost rate.

4. Relationship to Federal Financial Reports Basis of Accounting

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related Federal financial reports filed with the grantor agencies because of accruals made in the schedule, which will be included in future reports filed with the agencies.