

**MHP SALUD  
FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2016 AND 2015  
AND  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND  
REPORTS ON COMPLIANCE AND INTERNAL CONTROL  
YEAR ENDED DECEMBER 31, 2016**

**MHP SALUD  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**Table of Contents**

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b>	1 - 2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 10
<b>Supplemental Information</b>	
Schedule of Expenditures of Federal Awards	11
Notes to Schedule of Expenditures of Federal Awards	12
<b>Reporting Under <i>Government Auditing Standards</i></b>	
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 <i>Government Auditing Standards</i>	13 - 14
<b>Reporting Under Uniform Guidance</b>	
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	15 - 16
Schedule of Findings and Questioned Costs	17
Schedule of Prior Audit Findings	18



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
MHP Salud  
Ypsilanti, MI

### **Report on the Financial Statements**

We have audited the accompanying financial statements of MHP Salud (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, 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 2016 financial statements referred to above present fairly, in all material respects, the financial position of MHP Salud as of December 31, 2016, 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***

#### *Prior Period Financial Statements*

The financial statements of MHP Salud as of December 31, 2015, were audited by other auditors whose report dated March 15, 2016, expressed an unmodified opinion on those statements.

#### *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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 May 2, 2017, on our consideration of MHP Salud's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts  
May 2, 2017

**MHP SALUD**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2016 AND 2015**

**ASSETS**

	<u>2016</u>	<u>2015</u>
Cash	\$ 962,442	\$ 790,152
Grants receivable	802,287	488,892
Prepaid expenses and other assets	83,316	32,645
Property and equipment, net	<u>-</u>	<u>2,000</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>1,848,045</u></b>	<b>\$ <u>1,313,689</u></b>

**LIABILITIES AND NET ASSETS**

Liabilities:		
Accounts payable	\$ 82,282	\$ 4,167
Accrued expenses	59,246	32,383
Deferred revenue	<u>564,737</u>	<u>154,959</u>
Total liabilities	<u>706,265</u>	<u>191,509</u>
Net assets:		
Unrestricted	1,141,780	1,117,398
Permanently restricted	<u>-</u>	<u>4,782</u>
Total net assets	<u>1,141,780</u>	<u>1,122,180</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>1,848,045</u></b>	<b>\$ <u>1,313,689</u></b>

See accompanying notes to financial statements.

**MHP SALUD**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	2016			2015		
	Unrestricted	Permanently restricted	Total	Unrestricted	Permanently restricted	Total
Revenue and support:						
Grants	\$ 3,570,643	\$ -	\$ 3,570,643	\$ 3,085,448	\$ -	\$ 3,085,448
Other revenue	<u>19,920</u>	<u>-</u>	<u>19,920</u>	<u>18,048</u>	<u>-</u>	<u>18,048</u>
Total revenue and support	<u>3,590,563</u>	<u>-</u>	<u>3,590,563</u>	<u>3,103,496</u>	<u>-</u>	<u>3,103,496</u>
Expenses:						
Program	3,190,864	-	3,190,864	2,619,233	-	2,619,233
General and administrative	316,469	-	316,469	363,659	-	363,659
Fundraising and development	<u>58,848</u>	<u>-</u>	<u>58,848</u>	<u>63,299</u>	<u>-</u>	<u>63,299</u>
Total expenses	<u>3,566,181</u>	<u>-</u>	<u>3,566,181</u>	<u>3,046,191</u>	<u>-</u>	<u>3,046,191</u>
Changes in net assets before loss on investment	<u>24,382</u>	<u>-</u>	<u>24,382</u>	<u>57,305</u>	<u>-</u>	<u>57,305</u>
Loss on investment	<u>-</u>	<u>(4,782)</u>	<u>(4,782)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net assets	24,382	(4,782)	19,600	57,305	-	57,305
Net assets - beginning	<u>1,117,398</u>	<u>4,782</u>	<u>1,122,180</u>	<u>1,060,093</u>	<u>4,782</u>	<u>1,064,875</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 1,141,780</u>	<u>\$ -</u>	<u>\$ 1,141,780</u>	<u>\$ 1,117,398</u>	<u>\$ 4,782</u>	<u>\$ 1,122,180</u>

See accompanying notes to financial statements.

**MHP SALUD**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<b>2016</b>			<b>Total</b>
	<b>Program</b>	<b>General and Administrative</b>	<b>Fundraising and Development</b>	
Salaries and wages	\$ 1,700,882	\$ 111,302	\$ 26,274	\$ 1,838,458
Payroll taxes and employee benefits	<u>538,137</u>	<u>16,213</u>	<u>9,461</u>	<u>563,811</u>
Total employee compensation and related costs	2,239,019	127,515	35,735	2,402,269
Consultants	530,971	67,352	1,000	599,323
Travel	200,578	49,000	13,863	263,441
Other expenses	87,185	46,128	5,193	138,506
Supplies	60,863	7,610	3,057	71,530
Occupancy	47,835	-	-	47,835
Non-capital equipment	<u>24,413</u>	<u>18,864</u>	<u>-</u>	<u>43,277</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 3,190,864</u></b>	<b><u>\$ 316,469</u></b>	<b><u>\$ 58,848</u></b>	<b><u>\$ 3,566,181</u></b>
	<b>2015</b>			
	<b>Program</b>	<b>General and Administrative</b>	<b>Fundraising and Development</b>	<b>Total</b>
Salaries and wages	\$ 1,618,189	\$ 137,958	\$ 33,611	\$ 1,789,758
Payroll taxes and employee benefits	<u>469,373</u>	<u>36,759</u>	<u>10,370</u>	<u>516,502</u>
Total employee compensation and related costs	2,087,562	174,717	43,981	2,306,260
Travel	225,186	38,088	12,439	275,713
Consultant	135,032	63,651	-	198,683
Other expenses	68,381	48,108	-	116,489
Supplies	51,575	39,095	6,879	97,549
Occupancy	<u>51,497</u>	<u>-</u>	<u>-</u>	<u>51,497</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b><u>\$ 2,619,233</u></b>	<b><u>\$ 363,659</u></b>	<b><u>\$ 63,299</u></b>	<b><u>\$ 3,046,191</u></b>

See accompanying notes to financial statements.

**MHP SALUD**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
Operating Activities:		
Changes in net assets	\$ 19,600	\$ 57,305
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Loss on investment	4,782	-
Depreciation	2,000	2,000
Changes in net assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(313,395)	99,610
Prepaid expenses and other assets	(55,453)	(8,561)
Increase (decrease) in:		
Accounts payable	78,115	(3,641)
Accrued expenses	26,863	11,157
Deferred revenue	<u>409,778</u>	<u>(32,533)</u>
Net cash provided by operating activities:	172,290	125,337
Cash - beginning	<u>790,152</u>	<u>664,815</u>
<b>CASH - ENDING</b>	<b><u>\$ 962,442</u></b>	<b><u>\$ 790,152</u></b>

See accompanying notes to financial statements.

**MHP SALUD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**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 clients' health and well-being.

The Organization's programs primarily operate in Florida, Michigan, Ohio, 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. MHP Salud's community leaders provide the inspiration, direction and vision necessary to build stronger and healthier communities from within.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Financial Statement Presentation

The Organization follows the Financial Accounting Standards Board Accounting Standards Codification ("FASB ASC") Subtopic *Presentation of Financial Statements* for non-profit entities. 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. A description of the three net assets classes are as follows:

*Unrestricted net assets* - Net assets that are not subject to donor-imposed restrictions which the Organization can use at its discretion. The Organization may designate portions of its unrestricted net assets as board-designated for various purposes.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may be met either by actions of the Organization and/or the passage of time.

*Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

**MHP SALUD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Grants Receivable

The Organization has grants receivable which are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of probable uncollectible amounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants receivable. Management assessed grants receivable at December 31, 2016 and 2015 and believes the full balance is collectible. Therefore, no allowance for uncollectible accounts was recorded. No grants receivable were written off during 2016 and 2015.

Property and Equipment

Property and equipment are recorded at cost, or, if donated, at fair value on the date of the contribution. Property and equipment that cost less than \$2,000 is expensed to operations as incurred. Capitalized property and equipment are depreciated using the straight-line method. Equipment is depreciated over five years. Expenditures for major renewals and improvements are capitalized while expenditures for maintenance are expensed as incurred.

Deferred Revenue

Deferred revenue consists of grants received in advance of services provided for specific programs and projects. Grant revenue is recognized as income during the period in which the services are rendered.

Revenue Recognition

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Contributions received with donor-imposed restrictions that are fulfilled in the same year as received are reported as unrestricted support. Contributions of cash or other assets to be used to acquire property and equipment in accordance with donor stipulations are reported as revenues of the temporarily restricted net asset category; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

**MHP SALUD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Advertising Expenses

The Organization expenses advertising cost as incurred. Advertising expense was \$12,366 and \$10,607 in 2016 and 2015, respectively.

Income Tax Status

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is generally exempt from income taxes pursuant to Section 501(a) of the Code. The Organization is subject to federal and state income taxes on unrelated business income, if any.

The Organization accounts for uncertain tax positions in accordance with FASB ASC Topic *Income Taxes*. This Topic prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. This Topic also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. Management believes that the Organization has no material uncertain tax positions.

Recently Issued But Not Yet Effective Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09"), which requires an entity to recognize revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU will replace most existing revenue recognition guidance in United States generally accepted accounting principles ("US GAAP"), including industry specific guidance, when it becomes effective. This new guidance is effective for years beginning after December 15, 2018. The Organization is evaluating the effect that ASU 2014-09 will have on its financial statements and related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). This update requires all leases with a term greater than 12 months to be recognized on the statement of position through a right-of-use asset and a lease liability and the disclosure of key information pertaining to leasing arrangements. This new guidance is effective for years beginning after December 15, 2019, with early adoption permitted. The Organization is evaluating the effect that ASU 2016-02 will have on its financial statements and related disclosures.

Reclassifications

Certain amounts in the 2015 financial statements have been reclassified to conform to 2016 classifications. These reclassifications do not have a material effect on the prior year financial statements.

**MHP SALUD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Subsequent Events

The Organization has evaluated all events subsequent to the statement of financial position date of December 31, 2016, through the date which the financial statements were available to be issued, May 2, 2017, and has determined that there are no subsequent events that require disclosure under FASB ASC Topic *Subsequent Events*.

**NOTE 3. PROPERTY AND EQUIPMENT**

Following is a summary of property and equipment at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Equipment	\$ 10,000	\$ 10,000
Less accumulated depreciation	<u>10,000</u>	<u>8,000</u>
Equipment, net	<u>\$ -</u>	<u>\$ 2,000</u>

**NOTE 4. RETIREMENT PLAN**

MHP Salud maintains a Tax Sheltered Annuity ("TSA") retirement plan. To qualify for employer contributions, an employee must complete six months of service and work 1,000 hours. MHP Salud contributes 6.5% of employees' salaries earned during the plan year. In addition, MHP Salud will contribute up to an additional 2% match if an employee contributes up to 2% to the plan. Employees may contribute an additional amount if desired up to the maximum amount 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. MHP Salud's contributions to the retirement plan were \$127,699 and \$126,110 for the years ended December 31, 2016 and 2015, respectively.

**NOTE 5. OPERATING LEASE AGREEMENTS**

MHP Salud leases office space and office equipment under non-cancelable operating leases. Minimum annual lease commitment under these lease agreements is as follows:

<u>Years ended December 31:</u>	<u>Amounts</u>
2017	\$ 41,689
2018	5,734
2019	4,084
2020	4,084
2021	<u>1,361</u>
Total Operating Lease	<u>\$ 56,952</u>

Expenses under operating leases totaled \$37,002 and \$36,991 for the years ended December 31, 2016 and 2015, respectively.

**NOTE 6. CONCENTRATION OF FUNDING**

During the years ended December 31, 2016 and 2015, the Organization received grant revenues totaling \$2,295,011 and \$1,931,424, respectively, from federal and state government agencies, which represented approximately 64% and 63%, respectively, of total grant revenues.

**MHP SALUD**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2016**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services Health Resources and Services Administration:			
Direct Programs:			
Cooperative Agreement to Support Navigators in Federally Facilitated and State Partnership Marketplaces	93.332	N/A	\$ 817,098
Technical and Non-Financial Assistance to Health Centers	93.129	N/A	569,036
Rural Health Care Services Outreach, Rural Health Network Development and Small Health Care Provider Quality Improvement Program	93.912	N/A	<u>67,032</u>
Total U.S. Department of Health and Human Services Health Resources and Services Administration			<u>1,453,166</u>
U.S. Department of Justice:			
Direct Programs:			
Rural Domestic and Dating Violence, Sexual Assault, Stalking and Child Abuse Enforcement Grants	16.589	N/A	17,711
Sexual Assault Services Culturally Specific Program	16.023	N/A	10,854
Grants for Outreach and Services to Underserved Populations	16.889	N/A	<u>7,146</u>
Total U.S. Department of Justice			<u>35,711</u>
Total Expenditures of Federal Awards			<u>\$ 1,488,877</u>

**MHP SALUD**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**DECEMBER 31, 2016**

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal assistance activity of MHP Salud (the “Organization”) under programs of the federal government for the year ended December 31, 2016. The information in the 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of MHP Salud.

Summary of Significant Account Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



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**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  
MHP Salud  
Ypsilanti, MI

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") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and changes in net assets, 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 May 02, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we 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 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 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 MHP Salud’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts  
May 2, 2017



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

To the Board of Directors  
MHP Salud  
Ypsilanti, MI

### **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 the Organization's major federal program for the year ended December 31, 2016. The Organization's major federal program is 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 the Organization's major federal program 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, Costs 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 the major federal program. However, our audit does not provide a legal determination of MHP Salud's compliance.

#### ***Opinion on Each Major Federal Program***

In our 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 its major federal program for the year ended December 31, 2016.

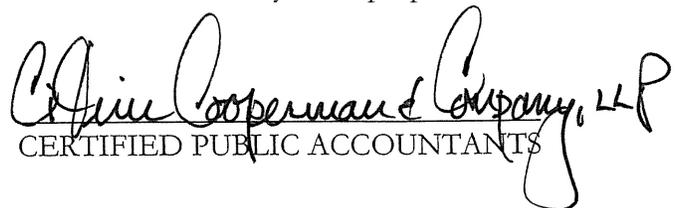
## Report on Internal Control over Compliance

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 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 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.

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.



CERTIFIED PUBLIC ACCOUNTANTS

Braintree, Massachusetts  
May 2, 2017

**MHP SALUD  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2016**

**A. SUMMARY OF AUDITOR'S RESULTS**

- |  |               |
|--|---------------|
| 1. Type of auditors' report issued:  | Unmodified    |
| 2. Internal control over financial reporting:  |               |
| a. Material weakness(es) identified?   | No            |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None Reported |
| 3. Noncompliance material to financial statements noted?                                     | No            |

Federal Awards

- |   |               |
|---|---------------|
| 4. Internal control over major programs:  |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses?                                      | None Reported |
| 5. Type of auditors' report issued on compliance for major programs   | Unmodified    |
| 6. Any audit findings disclosed that are required to be reported in accordance with c CFR Section 200.516(a) of Uniform Guidance? | No            |

7. Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Cooperative Agreement to Support Navigators in Federally Facilitated and State Partnership Marketplaces	93.332

- |  |           |
|--|-----------|
| 8. Dollar Threshold used to distinguish between Type A programs and Type B programs: | \$750,000 |
| 9. Auditee qualifies as a low risk auditee?  | No        |

**B. FINANCIAL STATEMENT FINDINGS**

None noted

**C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted

**MHP SALUD  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2016**

**A. FINANCIAL STATEMENT FINDINGS**

None noted

**B. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted