

MHP SALUD

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

MHP SALUD
AUDITED FINANCIAL REPORT
YEARS ENDED DECEMBER 31, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
MHP Salud

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, 2017, 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.

Opinion

In our opinion, the 2017 financial statements referred to above present fairly, in all material respects, the financial position of MHP Salud as of December 31, 2017, 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, 2016 were audited by other auditors whose report dated May 2, 2017, 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 August 1, 2018 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.



Suzanne E Munoz, PLLC
Certified Public Accountant
Pharr, Texas

August 1, 2018

Financial Statements

MHP SALUD
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

	2017	2016
Assets		
Assets		
Cash and Cash Equivalents	\$ 451,306	\$ 962,442
Accounts Receivable	243,820	-
Grants Receivable	972,308	802,287
Prepaid Expenses	68,820	83,316
Total Assets	\$ 1,736,254	\$ 1,848,045
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 96,407	\$ 82,282
Accrued Expenses	59,773	59,246
Unearned Revenues	250,000	564,737
Total Liabilities	406,180	706,265
Net Assets		
Unrestricted	1,330,074	1,141,780
Total Net Assets	1,330,074	1,141,780
Total Liabilities and Net Assets	\$ 1,736,254	\$ 1,848,045

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

MHP SALUD
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Revenues and Support:		
Grants	\$ 3,190,606	\$ 3,570,643
Contributions	532	-
Contract Fees and Reimbursements	1,072,426	-
Other Revenues	15,895	19,920
Interest Revenue	117	-
Total Revenues and Support	4,279,576	3,590,563
 Expenses:		
Program Services	3,601,666	3,190,864
Support Services:		
Management and General	437,410	316,469
Fundraising and Development	52,206	58,848
Total Expenses	4,091,282	3,566,181
 Change in Net Assets	188,294	24,382
 Net Assets, Beginning	1,141,780	1,117,398
Net Assets, Ending	\$ 1,330,074	\$ 1,141,780

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

MHP SALUD
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			Total
	<u>Program Services</u>	<u>Support Services</u>		
	<u>Health Promotion</u>	<u>Administrative</u>	<u>Fundraising and Grant Development</u>	
Salaries and Wages	\$ 1,956,787	\$ 178,713	\$ 34,753	\$ 2,170,253
Payroll Taxes and Benefits	698,066	60,710	10,609	769,385
Total Compensation and Employee Benefits	<u>2,654,853</u>	<u>239,423</u>	<u>45,362</u>	<u>2,939,638</u>
Fees for Services	427,805	77,349	-	505,154
Non-Capital Equipment	230	1,370	-	1,600
Occupancy	50,777	-	-	50,777
Other Expense	93,549	46,128	5,193	144,870
Supplies	157,102	15,767	468	173,337
Travel	<u>217,350</u>	<u>57,373</u>	<u>1,183</u>	<u>275,906</u>
Total Functional Expenses	<u>\$ 3,601,666</u>	<u>\$ 437,410</u>	<u>\$ 52,206</u>	<u>\$ 4,091,282</u>

	2016			Total
	<u>Program Services</u>	<u>Support Services</u>		
	<u>Health Promotion</u>	<u>Administrative</u>	<u>Fundraising and Grant Development</u>	
Salaries and Wages	\$ 1,700,882	\$ 111,302	\$ 26,274	\$ 1,838,458
Payroll Taxes and Benefits	538,137	16,213	9,461	563,811
Total Compensation and Employee Benefits	<u>2,239,019</u>	<u>127,515</u>	<u>35,735</u>	<u>2,402,269</u>
Fees for Services	530,971	67,352	1,000	599,323
Non-Capital Equipment	24,413	18,864	-	43,277
Occupancy	47,835	-	-	47,835
Other Expense	87,185	46,128	5,193	138,506
Supplies	60,863	7,610	3,057	71,530
Travel	<u>200,578</u>	<u>49,000</u>	<u>13,863</u>	<u>263,441</u>
Total Functional Expenses	<u>\$ 3,190,864</u>	<u>\$ 316,469</u>	<u>\$ 58,848</u>	<u>\$ 3,566,181</u>

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

MHP SALUD
STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 188,294	\$ 19,600
<i>Adjustment to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities</i>		
Loss on Investment	-	4,782
Depreciation	-	2,000
(Increase) Decrease in Account Receivables	(243,820)	-
(Increase) Decrease in Grant Receivables	(170,020)	(313,395)
(Increase) Decrease in Prepaid Expenses	14,495	(55,453)
Increase (Decrease) in Accounts Payable	14,125	78,115
Increase (Decrease) in Accrued Expenses	527	26,863
Increase (Decrease) in Unearned Revenues	(314,737)	409,778
Net Cash Provided (Used) from Operating Activities:	(699,430)	152,690
Cash Flows from Financing Activities:	-	-
Cash Flows from Investing Activities:	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	(511,136)	172,290
Cash and Cash Equivalents at Beginning of Year	962,442	790,152
Cash and Cash Equivalents at End of Year	\$ 451,306	962,442

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

Notes to the Financial Statements

MHP SALUD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of MHP Salud (the “Organization”) is presented to assist in the understanding of MHP Salud’s financial statements. The financial statements and notes are representations of the organization’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements. The following is a summary of the more significant policies.

A. Nature of Activities

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.

Our grants this year consist of:

1	Tech Assist to Community & Migrant Health Centers & Homeless/Capacity Building Assistance (2016-2017)
2	Tech Assist to Community & Migrant Health Centers & Homeless/Capacity Building Assistance (2017-2018)
3	US Department of Justice-Un Nuevo Manana
4	US Department of Justice - El Arte de Sobrevivir
5	US Department of Justice- ALMA
6	US Department of Justice-Voces Unidas
7	Navigator (2016-2017)
8	Navigator-Phase 2 (2017-2018)
9	OHIO Dept of Health-SASP
10	Texas Health and Human Services- SNAP ED
11	CPRIT Cancer

B. 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: These funds are free from any external restrictions and available for general use. Many individual contributions are unrestricted, as are general operating and unrestricted grants.
- Temporarily Restricted: These funds have donor-imposed restrictions that can be fulfilled in one of two ways- passage of a defined period of time (time restriction) or by performing defined activities (purpose restriction).
- Permanently Restricted: 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.

MHP SALUD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Revenues and expenses are recognized and recorded when earned or incurred. The accounting policies of MHP Salud conform to accounting principles generally accepted in the United States of America, as applicable to not-for-profit entities.

D. Concentration of Credit Risk

MHP Salud maintains cash balances at 3 financial institutions, which consists of a checking and a savings account at each of the following three banks; Wells Fargo, Chase & Fidelity (Huntington). Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization's policy limits the deposits in any one-bank institution to their extent of FDIC coverage.

E. Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, MHP Salud considers all cash accounts and highly liquid investments available for current use with an initial maturity of three months or less to be cash and cash equivalents.

F. Interest Rate Risk

While the Organization does have a formal, Board-approved investment policy, it did not have any investments as of December 31, 2017.

G. Fair Value of Financial Information

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash, accounts receivable, accounts payable and accrued liabilities: The carrying amount approximates fair value because of the short maturity of those instruments

H. Receivables

The Organization has receivables 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 receivables at December 31, 2017 and 2016 and believes the full balance is collectible. Therefore, no allowance for uncollectible accounts was recorded. No receivables were written off during 2017 and 2016.

I. Capital Assets

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.

J. 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. There was no liability for accumulated vacation as of December 31, 2017 and 2016.

K. 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.

MHP SALUD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. 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.

M. 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.

N. 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.

O. Income Taxes

MHP Salud is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for fiscal year 2017. MHP Salud's Form 990, return of organization exempt from income tax for the years ending 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

P. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – ADVERTISING COSTS

The Organization expenses advertising cost as incurred. Advertising expense was \$13,117 and \$12,366 for 2017 and 2016, respectively.

NOTE 3 – CASH AND CASH EQUIVALENTS

At December 31, 2017, cash and cash equivalents held in the bank checking and saving accounts totaled \$454,668, while the book balance totaled \$451,305. During the year, MHP Salud had several dates in which its funds were not entirely covered by FDIC insurance of \$250,000. The highest cash balance occurred on January 11, 2017 with a balance of \$637,312. The balance uninsured at that date amounts to \$387,312. MHP Salud has not experienced any losses on these accounts and management believes it is not exposed to any significant credit risk on the excess amounts.

NOTE 4 – CONCENTRATION OF INCOME

As of December 31, 2017, total revenue amounted to \$4,279,576. The concentration of income for the Organization rested on the Federal Grants (58%), State Contracts (25%), and State Grants (11%), while federal and state grants made up 64% of total grant revenue for 2016.

MHP SALUD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

NOTE 5 - 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 totaled \$179,923 and \$127,699 for the years ended December 31, 2017 and 2016, respectively.

NOTE 6- OPERATING LEASE

MHP Salud leases office space and office equipment under non-cancelable operating leases. Minimum annual lease commitments are as follows:

	<u>Amounts</u>
2018	\$ 48,292
2019	27,412
2020	24,077
2021	1,361
Total Operating Lease	<u>\$ 101,142</u>

Expenses under Operating Leases totaled \$39,257 and \$37,002 for the years ending December 31, 2017 and 2016, respectively.

NOTE 7- SUBSEQUENT EVENTS

For the purposes of reporting subsequent events, management has considered events occurring up to August 1, 2018, the date the report was available to be issued. No further subsequent events were noted.

Federal Financial Assistance Section



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

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 (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 1, 2018.

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 MHP Salud's internal control. Accordingly, we 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

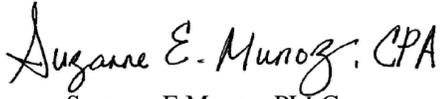
Compliance and Other Matters

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*.

208 W. Ferguson Street Unit # 2
Pharr, Texas 78577
p. 956.800.1035 • f. 956.467.0222

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 clinic'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
Certified Public Accountant
Pharr, Texas

August 1, 2018



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
MHP Salud

Report on Compliance for Each Major Federal Program

We 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, 2017. 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

Our responsibility is to express an opinion on compliance for each of MHP Salud'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 MHP Salud's compliance with those requirements and performing such other procedures as we considered necessary in the circumstance's.

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 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 each of its major federal programs for the year ended December 31, 2017.

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 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, we do not express an opinion on the effectiveness of MHP Salud's internal control over compliance.

208 W. Ferguson Street Unit # 2
Pharr, Texas 78577
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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.



Suzanne E Munoz, PLLC
Certified Public Accountant
Pharr, Texas

August 1, 2018

MHP SALUD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2017

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 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (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	Cooperative Agreement to Support Navigators in Federally Facilitated and State Partnership Marketplaces.
93.129	Technical and Non-Financial Assistance to Health Centers

B. FINANCIAL STATEMENT FINDINGS

None Noted

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted

MHP SALUD
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2017

A. FINANCIAL STATEMENT FINDINGS

None Noted

B FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted

MHP SALUD**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED December 31, 2017**

Federal Grantor/ Pass-Through Grantor / Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Grant Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Direct Programs			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	529-17-0046-00001	\$ 581,140
Total Passed Through Direct Programs			581,140
Total U.S. DEPARTMENT OF AGRICULTURE			581,140
 <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Federal Direct Programs			
Technical and Non-Financial Assistance to Health Centers (2016-2017)	93.129	N/A	338,399
Technical and Non-Financial Assistance to Health Centers (2017-2018)	93.129	N/A	323,199
Cooperative Agreement to Support Navigators in Federally- facilitated and State Partnership Marketplaces (2016-2017)	93.332	N/A	434,390
Cooperative Agreement to Support Navigators in Federally- facilitated and State Partnership Marketplaces (2017-2018)	93.332	N/A	190,941
Total Federal Direct Programs			1,286,929
Total U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,286,929
 <u>U.S. DEPARTMENT OF JUSTICE</u>			
Federal Direct Programs:			
Culturally and Linguistically Specific Services Program	16.016	N/A	3,697
Sexual Assault Services Culturally Specific Program	16.023	N/A	110,450
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	N/A	149,863
Grants for Outreach and Services to Underserved Populations	16.889	N/A	153,334
Total Federal Direct Programs			417,344
Passed Through Direct Programs			
Sexual Assault Services Formula Program	16.017	09960032SA0117	218,000
Total Passed Through Direct Programs			218,000
Total U.S. DEPARTMENT OF JUSTICE			635,344
 TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,503,413

MHP SALUD
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 – Basis of Accounting

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of MHP Salud (The Organization) under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of MHP Salud, it is not intended to and does not present the financial position, changes in net assets, or cash flows of MHP Salud.

Note 2 – Program Costs

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the portion that MHP Salud covers on its own, are more than shown. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

For the year ended December 31, 2017, the Organization elected not to use the 10% indirect cost rate allowed under the Uniform Guidance.