

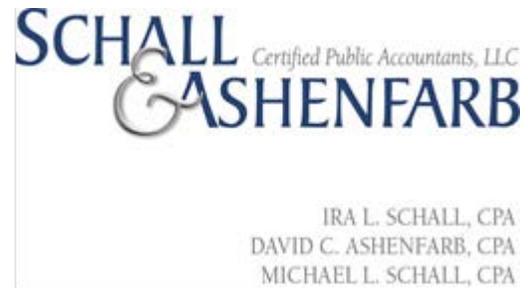


**Audited Financial Statements
and
Single Audit Reports
December 31, 2018**

MHP SALUD

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
<u>Schedules:</u>	
Schedule of Expenditures of Federal Awards	12
Notes to Schedule of Expenditures of Federal Awards	13
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>	14 - 15
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	16 - 18
<u>Schedule of Findings and Questioned Costs:</u>	
Section I - Summary of Auditor's Results	19
Section II - Financial Statement Findings	20
Section III - Federal Award Findings and Questioned Costs	20



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
MHP Salud

Report on the Financial Statements

We have audited the accompanying financial statements of MHP Salud (the "Organization"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

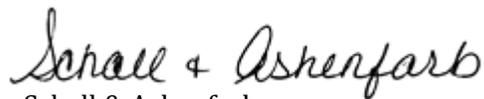
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MHP Salud as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Update No. 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*" Topic (958). Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Schall & Ashenfarb
Schall & Ashenfarb
Certified Public Accountants, LLC

July 30, 2019

MHP SALUD
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2018

Assets

Cash and cash equivalents	\$1,049,748
Government grants receivable	629,569
Prepaid expenses and other assets	78,172
Total assets	<u><u>\$1,757,489</u></u>

Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	\$104,361
Deferred revenue	210,524
Total liabilities	<u><u>314,885</u></u>
Net assets:	
Without donor restrictions	1,442,604
Total net assets	<u><u>1,442,604</u></u>
Total liabilities and net assets	<u><u>\$1,757,489</u></u>

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

**MHP SALUD
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Without Donor Restrictions:

Public support and revenue:	
Government grants	\$3,801,744
Contributions	296,200
Interest	116
Other income	46,702
Total public support and revenue	<u>4,144,762</u>
 Expenses:	
Program services	3,244,476
Supporting services:	
Management and general	753,869
Fundraising	33,887
Total expenses	<u>4,032,232</u>
 Change in net assets	 112,530
 Net assets - beginning of year	 <u>1,330,074</u>
 Net assets - end of year	 <u><u>\$1,442,604</u></u>

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

MHP SALUD
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries	\$1,811,526	\$349,258	\$23,882	\$2,184,666
Employee benefits	667,853	122,765	7,446	798,064
Total salaries and benefits	<u>2,479,379</u>	<u>472,023</u>	<u>31,328</u>	<u>2,982,730</u>
Professional fees	276,357	71,444	-	347,801
Office supplies	90,905	21,247	-	112,152
Equipment	33,042	299	-	33,341
Insurance	12,851	-	-	12,851
IT and technology	103,216	-	-	103,216
Occupancy	46,995	10,105	-	57,100
Travel	201,731	119,042	1,102	321,875
Other	-	59,709	1,457	61,166
Total	<u><u>\$3,244,476</u></u>	<u><u>\$753,869</u></u>	<u><u>\$33,887</u></u>	<u><u>\$4,032,232</u></u>

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

MHP SALUD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash flows from operating activities:	
Change in net assets	\$112,530
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Accounts receivable	586,559
Prepaid expenses and other assets	(9,352)
Accounts payable and accrued expenses	(51,819)
Deferred revenue	(39,476)
Total adjustments	<u>485,912</u>
Net cash provided by operating activities/net increase in cash and cash equivalents	598,442
Cash and cash equivalents - beginning of year	<u>451,306</u>
Cash and cash equivalents - end of year	<u><u>\$1,049,748</u></u>

Supplemental disclosure:	
Taxes and interest paid	<u>\$0</u>

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

MHP SALUD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

Note 1 - Organization

MHP Salud (the “Organization”) is a nonprofit organization that implements community health worker programs to empower underserved Latino communities and promote culturally appropriate strategies to improve its client’s health and well-being. The Organization’s programs primarily operate in Florida, Michigan, 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. The Organization’s community leaders provide the inspiration, direction and vision necessary to build stronger and healthier communities from within.

For the year ended December 31, 2018, the Organization had the following grants:

1. Tech Assist to Community & Migrant Health Centers & Homeless/Capacity Building Assistance (2017-2018)
2. Tech Assist to Community & Migrant Health Centers & Homeless/Capacity Building Assistance (2018-2019)
3. US Department of Justice – Un Nuevo Manana
4. US Department of Justice – El Arte de Sobrevivir
5. US Department of Justice – Voces Unidas
6. US Department of Justice – ALMA
7. Navigator (2017-2018)
8. Navigator (2018-2019)
9. Ohio Department of Health – SASP
10. Texas Health and Human Services – SNAP ED
11. CPRIT Cancer Prevention – Cada Paso del Camino
12. Blue Cross Blue Shield of Texas Foundation – Vivir una Vida Plena
13. Valley Baptist Legacy Foundation – Mentas Fuertes, Pasos Firmes

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

Note 2 - Significant Accounting Policies

a. Basis of Accounting

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

Effective, January 1, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit*

Entities (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 5).

Implementation of ASU 2016-14 did not require any reclassification or restatement of opening balances.

b. Basis of Presentation

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

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

c. Revenue Recognition

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes outlined above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

All government grants receivable at December 31, 2018 are expected to be received in less than one year.

All government grants have been recognized as income when earned, either based on performance of certain milestones or by incurring expenses that can be reimbursed under the terms of the grant agreement. The difference between cash received and revenue recognized is reflected as government grants receivable or refundable advances.

Fees that have yet to be collected at year end are reflected as accounts receivable whereby fees collected in advance of being earned are reflected as deferred revenue.

d. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, except for cash held with an investment custodian for long-term purposes.

e. Concentration of Credit Risk

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

f. Allowance for Doubtful Accounts

Based on a review of outstanding receivables and historical experience, management expects all receivables to be collected and has not established an allowance for doubtful accounts.

g. Fixed Assets

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

Computer equipment – 5 years

Furniture and fixtures – 5- years

Leasehold improvements – 5 years

h. Expense Allocation

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

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

- Salaries
- Payroll tax and benefits

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

i. Advertising

Advertising cost are expensed as incurred.

j. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2015 and later are subject to examination by applicable taxing authorities.

k. Management Estimates

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

l. Donated Goods and Services

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

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

m. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through July 30, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

n. New Accounting Pronouncement

On June 21, 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the December 31, 2019 year, with early implementation permitted, provides guidance on whether a receipt from a third-party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the December 31, 2019 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

Lastly, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2021 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

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

Note 3 - Operating Leases

The Organization has offices in Texas and Michigan under non-cancelable leases that expire at various dates through October 31, 2020.

Minimum future obligations for all commitments are as follows:

Year ending:	2019	\$27,326
	2020	<u>15,926</u>
Total		<u>\$43,252</u>

Total rent expense for the year ended was \$46,277.

Note 4 - Retirement Plans

The Organization maintains a Tax-Sheltered Annuity (“TSA”) retirement plan. To qualify for employer contributions, an employee must complete six months of service and work at least 1,000 hours. 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. The Organization’s contributions to the retirement plan totaled \$188,016 for the year ended December 31, 2018.

Note 5 - Availability and Liquidity

Financial assets at year-end available to meet cash needs for general expenditures within one year:

Cash and cash equivalents	\$1,049,748
Government grants receivable	<u>629,569</u>
Total financial assets	<u>\$1,679,317</u>

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

**MHP SALUD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Grantor	Federal CFDA #	Grant Number	Federal Expenditures **
<u>U.S. Department of Health and Human Services:</u>			
Technical and Non-Financial Assistance to Health Centers, direct	93.129	2 U30CS09744-10-00	\$575,995
Medicaid Cluster ***			
Medical Assistance Program, direct	93.778	6 U30CS09744-11-01	20,000
Public Health Emergency Preparedness, direct	93.069	6 U30CS09744-11-01	85,000
Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges, direct	93.332	5 NAVCA150270-03-00/ 5 NAVCA180311-01-01	787,793
Total U.S. Department of Health and Human Services			<u>1,468,788</u>
<u>U.S. Department of Agriculture:</u>			
SNAP Cluster ****			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program, pass-through the Texas Health and Human Services Commission	10.561	529-17-0046-00001	1,159,064 *
Total U.S. Department of Agriculture			<u>1,159,064</u>
<u>U.S. Department of Justice</u>			
Culturally and Linguistically Specific Services Program, direct	16.016	2017-UW-AX-0018	96,936
Sexual Assault Services Culturally Specific Program, direct	16.023	2016-KS-AX-0006	147,232
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program, direct	16.589	2016-WR-AX-0040	180,534
Grants for Outreach and Services to Underserved Populations, direct	16.889	2016-UD-AX-0002	142,902
Sexual Assault Services Formula Program, pass-through the Ohio Department of Health	16.017	09960032SA0218	216,577
Total U.S. Department of Justice			<u>784,181</u>
Total Federal Expenditures			<u><u>\$3,412,033</u></u>

*Indicates a major program.

**No programs used subrecipients.

*** This program was part of the Medicaid Cluster:
CFDA 93.775 State Medicaid Fraud Control Units
CFDA 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
CFDA 93.778 Medical Assistance Program

**** This program was part of the SNAP Cluster:
CFDA 10.551 Supplemental Nutrition Assistance Program (SNAP)
CFDA 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

MHP SALUD
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2018

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of MHP Salud (the "Organization") under programs of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

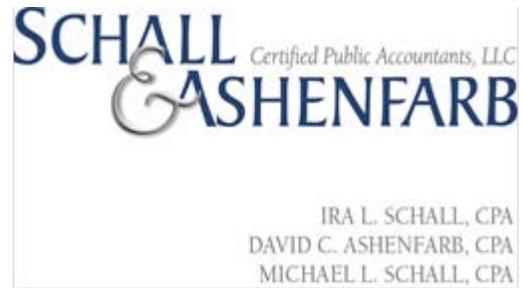
Expenditures reported on the schedule of expenditures of federal awards are presented on the accrual basis of accounting. For federal awards received that were made prior to December 26, 2014, expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*. For grants made after December 26, 2014, expenditures are recognized following the cost principals contained in OMB's *Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Under federal cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Sub-Recipients

There were no amounts provided to subrecipients from federal awards received during the year ended December 31, 2018.

Note 4 - Indirect Cost Rate

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



**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 Trustees of
MHP Salud

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of MHP Salud (the “Organization”) which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated July 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) 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 the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

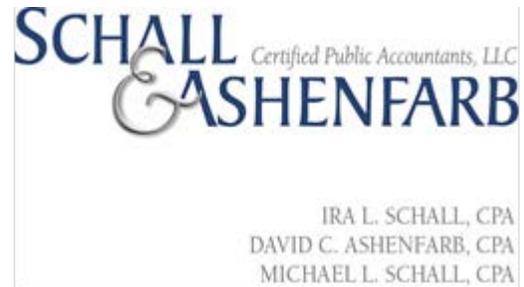
Purpose of this Report

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Schall & Ashenfarb
Certified Public Accountants, LLC

July 30, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees of
MHP Salud

Report on Compliance for Each Major Federal Program

We have audited MHP Salud's (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2018. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended December 31, 2018, and have issued our report thereon dated July 30, 2019, which contained an unmodified opinion on those financial statements. 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, is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



Schall & Ashenfarb
Certified Public Accountants, LLC

July 30, 2019

**MHP SALUD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

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

Type of auditor’s report issued on compliance for major programs:	UNMODIFIED
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 516(a)?	___ Yes <u>X</u> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>10.561</u>	<u>State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</u>

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

**MHP SALUD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Section II – Financial Statement Findings

Current Year:

None

Prior Year Follow-Up:

None

Section III – Federal Award Findings and Questioned Costs

Current Year:

None

Prior Year Follow-Up:

None