

# **MHP Salud**

Audited Financial Statements and Single Audit Report

December 31, 2024

# MHP Salud

## Audited Financial Statements and Single Audit Report

December 31, 2024

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## Independent Auditor's Report

To the Board of Trustees of  
MHP Salud

### Opinion

We have audited the accompanying financial statements of MHP Salud (the "Organization"), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, which includes the schedule of expenditures of federal awards and related notes to the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance") is presented for purposes of additional analysis and are 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 schedule of expenditures of federal awards and related notes to the schedule of expenditures of federal awards 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 July 2, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

### **Report on Summarized Comparative Information**

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 17, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it was derived.

*Sax CPAs LLP*

New York, NY  
July 2, 2025

# MHP Salud

## Statement of Financial Position

At December 31, 2024  
(With comparative totals at December 31, 2023)

	December 31,	
	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 269,588	\$ 701,738
Government grants receivable	1,277,536	717,232
Contributions receivable	65,709	86,888
Prepaid expenses and other assets	228,254	178,996
Operating lease right-of-use ("ROU") assets	113,247	31,196
<b>TOTAL ASSETS</b>	<b>\$ 1,954,334</b>	<b>\$ 1,716,050</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 381,766	\$ 297,616
Operating lease liabilities	113,990	31,953
Total liabilities	495,756	329,569
<b>NET ASSETS</b>		
Without donor restrictions	1,370,288	1,193,954
With donor restrictions	88,290	192,527
Total net assets	1,458,578	1,386,481
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 1,954,334</b>	<b>\$ 1,716,050</b>

*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, 2024  
(With comparative totals for the year ended December 31, 2023)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 12/31/24</b>	<b>Total 12/31/23</b>
<b>PUBLIC SUPPORT AND REVENUE</b>				
Government grants	\$ 7,432,111	\$ -	\$ 7,432,111	\$ 6,671,129
Contributions	582,555	161,276	743,831	508,434
Program fee income	-	-	-	130,138
Interest	59	-	59	46
In-kind contributions	62,608	-	62,608	44,652
Other income	7,970	-	7,970	3,837
Net assets released from restrictions	265,513	(265,513)	-	-
Total public support and revenue	<u>8,350,816</u>	<u>(104,237)</u>	<u>8,246,579</u>	<u>7,358,236</u>
<b>EXPENSES</b>				
Program services	<u>6,784,521</u>	<u>-</u>	<u>6,784,521</u>	<u>6,091,966</u>
Supporting services:				
Management and general	1,329,630	-	1,329,630	1,203,125
Fundraising	60,331	-	60,331	68,571
Total expenses	<u>8,174,482</u>	<u>-</u>	<u>8,174,482</u>	<u>7,363,662</u>
<b>Change in net assets</b>	<b>176,334</b>	<b>(104,237)</b>	<b>72,097</b>	<b>(5,426)</b>
<b>NET ASSETS, <i>beginning of year</i></b>	<u>1,193,954</u>	<u>192,527</u>	<u>1,386,481</u>	<u>1,391,907</u>
<b>NET ASSETS, <i>end of year</i></b>	<u><b>\$ 1,370,288</b></u>	<u><b>\$ 88,290</b></u>	<u><b>\$ 1,458,578</b></u>	<u><b>\$ 1,386,481</b></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, 2024  
(With comparative totals for the year ended December 31, 2023)

		<b>Supporting Services</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Expenses 12/31/24</b>	<b>Total Expenses 12/31/23*</b>
Salaries	\$ 3,790,226	\$ 644,348	\$ 45,575	\$ 4,480,149	\$ 4,187,702
Employee benefits	1,296,888	151,878	11,191	1,459,957	1,378,628
Total salaries and benefits	5,087,114	796,226	56,766	5,940,106	5,566,330
Professional fees (including in-kind)	978	246,781	-	247,759	226,666
Supplies and equipment	314,424	36,314	56	350,794	218,302
Contracted services	464,613	114,280	-	578,893	363,519
Participant stipends	316,353	-	-	316,353	400,721
Insurance	-	18,369	-	18,369	14,110
Information technology	214,226	36,236	1,431	251,893	176,727
Occupancy	66,640	20,967	-	87,607	54,777
Travel (including in-kind)	289,033	37,137	-	326,170	282,371
Staff development and recruitment	19,935	4,686	-	24,621	32,272
Other	11,205	18,634	2,078	31,917	27,867
<b>Total functional expenses for statement of activities</b>	<b>\$ 6,784,521</b>	<b>\$ 1,329,630</b>	<b>\$ 60,331</b>	<b>\$ 8,174,482</b>	<b>\$ 7,363,662</b>

\*Reclassified for comparative purposes

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, 2024  
(With comparative totals for the year ended December 31, 2023)

	<b>December 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 72,097	\$ (5,426)
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities		
Changes in assets and liabilities:		
Government grants receivable	(560,304)	267,771
Contributions receivables	21,179	82,163
Prepaid expenses and other assets	(49,258)	33,814
Operating lease ROU assets and liabilities	(14)	229
Accounts payable and accrued expenses	84,150	2,083
Deferred revenue	-	(1,660)
<b>Total adjustments</b>	<b>(504,247)</b>	<b>384,400</b>
<b>Net cash (used for)/provided by operating activities/net (decrease)/increase in cash and cash equivalents</b>	<b>(432,150)</b>	<b>378,974</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<b>701,738</b>	<b>322,764</b>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<b>\$ 269,588</b>	<b>\$ 701,738</b>

### SUPPLEMENTAL DISCLOSURE

No taxes or interest were paid.

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

# MHP Salud

## Notes to Financial Statements

December 31, 2024

### Note 1 - Organization

MHP Salud (the "Organization") is a nonprofit organization that serves communities by embracing the strengths and experiences of individuals and families and engaging them to achieve health and well-being. The Organization conducts activities nationally and implements community-based programs in Florida and Texas. These programs provide peer health education, increased access to health resources and brings 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, 2024, the Organization used funding from the following grants:

1. U.S. Department of Health and Human Services - Tech Assist to Community & Migrant Health Centers & Homeless/Capacity Building Assistance
2. U.S. Department of Health and Human Services - Navigator
3. U.S. Department of Health and Human Services - Connecting Kids to Coverage
4. U.S. Department of Health and Human Services - Substance Abuse and Mental Health Services Projects of Regional and National Significance
5. U.S. Department of Health and Human Services - Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF)
6. U.S. Department of Health and Human Services - Public Health Training Centers Program
7. Texas Health and Human Services Commission – Maternal Infant and Early Childhood Home Visiting
8. Texas Health and Human Services Commission - SNAP ED
9. Florida Blue Foundation - Health Outcome, Life Stages
10. Methodist Health Ministries - Community - Access to Care
11. Methodist Health Ministries - Community - Strong and Resilient Families
12. AARP Foundation - Direct Services - Rio Grande Valley, TX
13. AARP Foundation - Impact Evaluation of Community-Based Application Assistance Interventions for Older Adults
14. Moody Foundation - Parents as Teachers

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 and Presentation*

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.

# MHP Salud

## Notes to Financial Statements

December 31, 2024

### Note 2 - Significant Accounting Policies - Continued

#### *a. Basis Accounting and Presentation - Continued*

The financial statements are presented in accordance with the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958 - *Presentation of Financial Statements of Not-For-Profit Entities*. FASB ASC 958 requires the Organization to report information regarding its financial position and activities according to the following specific classes of net assets:

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

#### *b. Revenue Recognition*

The Organization follows the requirements of FASB ASC 958-605 for recording contributions, which are recorded when considered unconditional in nature. Contributions are recorded in the net asset classes referred to above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they are received, they are classified in the class of net assets without donor restrictions.

Contributions and grants may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Government grants received by the Organization are primarily conditional, non-exchange transactions and fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance-related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of the conditions being met are recorded as deferred revenue.

Conditional grants that have not been recognized amounted to \$5,760,000 and \$6,830,000 as of December 31, 2024 and December 31, 2023, respectively. These grants are conditioned upon incurring qualifying expenses and meeting performance-related outcomes, at which time revenue will be recognized.

The Organization follows FASB ASC 606 for recognizing revenue from contracts with customers. Training and consulting services for community health worker programs fall under the scope of FASB ASC 606 and have been included with program fee income in the statement of activities. Revenue is recognized as the performance obligation is satisfied and services are provided.

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

# MHP Salud

## Notes to Financial Statements

December 31, 2024

### Note 2 - Significant Accounting Policies - Continued

#### *b. Revenue Recognition - Continued*

Receivables that are expected to be received in less than one year are recorded at net realizable value. Those that are due in greater than one year are recorded at fair value, which is calculated using risk adjusted present value techniques if deemed material. As of December 31, 2024 and 2023, all receivables are expected to be collected within one year.

Management reviews government grants and contributions receivables for collectability based on various factors such as historical trends and subsequent collections. Based on this review, management has deemed that no allowance for doubtful accounts is necessary for the periods ended December 31, 2024 and 2023.

#### *c. 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.

#### *d. Concentration of Credit Risk*

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

#### *e. 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.

#### *f. Property and Equipment*

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 assets as follows:

Computer equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	5 years

Property and equipment were fully depreciated at December 31, 2024 and 2023.

# MHP Salud

## Notes to Financial Statements

December 31, 2024

### Note 2 - Significant Accounting Policies - Continued

#### *g. Leases*

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

#### *h. Functional Allocation of Expenses*

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

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

- Salaries
- Employee benefits

The following were allocated using full time equivalency as the basis:

- Information technology

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

#### *i. Advertising*

Advertising costs are expensed as incurred.

#### *j. Donated Goods and Services*

Donated services are recognized in circumstances where the service creates or enhances a non-financial asset or where those services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind. See Note 5.

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

#### *k. Accounting for Uncertainty of Income Taxes*

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2021 and later are subject to examination by applicable taxing authorities.

# MHP Salud

## Notes to Financial Statements

December 31, 2024

### Note 2 - Significant Accounting Policies - Continued

#### *I. Summarized Comparative Financial Information*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

### Note 3 - Operating Lease Right-of-Use ("ROU") Asset and Operating Lease Liability

The Organization evaluated current contracts to determine which met the criteria of a lease. The Organization leases office space as follows:

- a) Michigan, under an agreement that runs through December 31, 2026, which was determined to be an operating lease. The original lease term expired December 31, 2023, with an option to renew for an additional three-year term. The option was exercised for two additional years during the year ended December 31, 2023. The option to renew for the third additional year is reasonably certain to be exercised.
- b) Texas, under an agreement that expired December 31, 2024. As this agreement terminated at the statement of financial position date, the Organization is not reporting an ROU asset or liability for this lease.
- c) Texas, under an agreement that runs through April 30, 2028, which was determined to be an operating lease. The lease term includes an initial term expiring April 30, 2026 and an option to extend through April 30, 2028, that the Organization is reasonably certain to exercise.

Additionally, the Organization leases a copier with a term set to expire March 31, 2026.

The ROU assets represent the Organization's right to use underlying assets for the lease term and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities was 4.08% and 1.37% as of December 31, 2024 and 2023, respectively.

For the years ended December 31, 2024 and 2023, the total operating lease cost was \$31,530 and \$11,460, respectively. The total short-term lease cost was approximately \$41,801 and \$29,560 for the years ended December 31, 2024 and 2023, respectively. The weighted-average remaining lease terms for the Organization's operating leases were approximately 37 months and 34 months in the years ended December 31, 2024 and 2023, respectively.

# MHP Salud

## Notes to Financial Statements

December 31, 2024

### Note 3 - Operating Lease Right-of-Use ("ROU") Asset and Operating Lease Liability - Continued

Cash paid for operating leases for the years ended December 31, 2023 and 2022 was \$31,542 and \$11,232, respectively. There were no noncash investing and financing transactions related to leasing.

Minimum future obligations for all commitments are as follows:

Year ending:

December 31, 2025	\$	41,817
December 31, 2026		39,484
December 31, 2027		30,106
December 31, 2028		10,034
Less: present value discount		(7,451)
Total	\$	113,990

### Note 4 - Net Assets with Donor Restrictions

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

December 31, 2024				
	Beginning Balance	Contributions	Released from Restrictions	Ending Balance
Program restricted:				
Healthy Outcomes	\$ 105,746	\$ -	\$ (105,746)	\$ -
Direct Service - Rio Grande Valley, TX	86,781	111,276	(136,246)	61,811
Parents as Teachers	-	50,000	(23,521)	26,479
Total program restricted	<u>\$ 192,527</u>	<u>\$ 161,276</u>	<u>\$ (265,513)</u>	<u>\$ 88,290</u>
December 31, 2023				
	Beginning Balance	Contributions	Released from Restrictions	Ending Balance
Program restricted:				
Healthy Outcomes	\$ 261,184	\$ -	\$ (155,438)	\$ 105,746
Direct Service - Rio Grande Valley, TX	131,385	111,276	(155,880)	86,781
Total program restricted	<u>\$ 392,569</u>	<u>\$ 111,276</u>	<u>\$ (311,318)</u>	<u>\$ 192,527</u>

# **MHP Salud**

## **Notes to Financial Statements**

**December 31, 2024**

### **Note 5 - In-Kind Contributions**

The Organization received donated professional services of \$60,060 and \$43,000 and donated travel expenses of \$2,548 and \$1,652 during the years ended December 31, 2024 and 2023, respectively. The valuation is based on the fair market value on the basis of recent comparable rates for professional services and travel expenses in the United States. These expenses are reported as management and general expenses on the statement of functional expenses. There are no associated donor restrictions.

### **Note 6 - Line of Credit**

The Organization has a line of credit in the amount of \$500,000 with a variable interest rate, which at December 31, 2024 was 7.5%. The line is secured by all assets of the Organization. There was no outstanding balance at December 31, 2024 or 2023 and the full line was available. The line is set to expire on November 25, 2025.

### **Note 7 - Retirement Plan**

The Organization maintains a 401(k) retirement plan with both employer and employee contributions. The Organization's contributions to the retirement plan totaled \$360,290 and \$341,067 for the years ended December 31, 2024 and 2023, respectively.

### **Note 8 - Significant Concentrations**

Approximately 82% and 83% of public support was received from one government agency during the years ending December 31, 2024 and 2023, respectively. The same agency had a receivable balance that consisted of 87% and 84% of government grants receivable as of December 31, 2024 and 2023, respectively.

In addition, one foundation had a receivable balance that consisted of 62% and 68% of contributions receivable as of December 31, 2024 and December 31, 2023, respectively.

Continued funding from existing government grants is not certain and the discontinuance could have a significant impact on the Organization's future sustainability.



# MHP Salud

## Notes to Financial Statements

December 31, 2024

### Note 9 - Availability and Liquidity

Financial assets at December 31, 2024 available to meet cash needs for general expenditures within one year are as follows:

Cash and cash equivalents	\$ 269,588	
Government grants receivable	1,277,536	
Contributions receivable	<u>65,709</u>	
Total financial assets		\$ 1,612,833
Less amounts not available to be used within one year:		
Net assets with donor restrictions		<u>(88,290)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$ 1,524,543</u>

The Organization regularly monitors liquidity to meet its operating needs. The Organization attempts to operate within a balanced budget and anticipates collecting sufficient revenue from current year and future year government and other grants to cover general expenditures. Additionally, the Organization maintains a \$500,000 line of credit, as described in Note 6.

### Note 10 - Subsequent Events

In 2025, the U.S. federal government proposed significant budget cuts aimed at reducing federal spending, resulting in uncertain economic conditions. These cuts primarily target mandatory spending programs that many not-for-profit organizations benefit from. The potential impacts of these budget cuts on the Organization include, but are not limited to, reduction in federal grants and contracts, increased demand for services, and operational adjustments.

On May 7, 2025, the Organization was notified of a 90% budget cut to the Navigator program for all grantees that will take effect for the budget period starting August 2025. For the 12-month budget period of August 2025-August 2026, this cut represents a reduction in expected funding of approximately \$4,000,000. MHP Salud operates programs based on the grant funding they receive, therefore based on the reduction in funding, the Organization will undertake a corresponding reduction in program activities to continue operating the program within the new budget size. Management is actively monitoring the situation and has developed a contingency plan to mitigate the impact of this funding reduction, including assessing necessary reductions in operational expenses in addition to the programmatic impact of this reduction in funding. MHP Salud will continue to evaluate potential strategies and modify the contingency plan as appropriate to address these uncertainties over the coming months. The ultimate impact of the federal budget cuts on the Organization's financial position and operations cannot be fully determined at this time.

Subsequent events have been evaluated through July 2, 2025, the date the financial statements were available to be issued. There were no other material events that have occurred that require adjustment to or disclosure to the financial statements.

# MHP Salud

## Schedule of Expenditures of Federal Awards

December 31, 2024

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal AL#	Pass-Through Entity Identifying Number	Federal Expenditures **
<b><u>U.S. Department of Health and Human Services:</u></b>			
<b><u>Direct Programs:</u></b>			
Technical and Non-Financial Assistance to Health Centers	93.129	Direct	\$ 736,080
Children's Health Insurance Program	93.767	Direct	505,301
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	Direct	186,561
Evidence-Based Falls Prevention Programs Financed Solely by Prevention and Public Health Funds (PPHF)	93.761	Direct	19,940
COVID-19 - Public Health Training Centers Program	93.516	Direct	914,781
Cooperative Agreement to Support Navigators in Federally -facilitated Exchanges	93.332	Direct	<u>4,249,212 *</u>
Total Direct Programs			<u>6,611,875</u>
<b><u>Passed through Texas Department of Family and Protective Services:</u></b>			
Maternal Infant and Early Childhood Home Visiting Grant	93.870	HHS001340600007	55,567
COVID-19 - Maternal Infant and Early Childhood Home Visiting Grant	93.870	HHS001340600007	25,000
<b><u>Passed through Texas Health and Human Services Commission:</u></b>			
Maternal Infant and Early Childhood Home Visiting Grant	93.870	HHS001340600007	<u>109,023</u>
Total Maternal Infant and Early Childhood Home Visiting Grant			<u>189,590</u>
Total U.S. Department of Health and Human Services			<u><b>6,801,465</b></u>
<b><u>U.S. Department of Agriculture:</u></b>			
<b><u>Passed through Texas Health and Human Services Commission:</u></b>			
<b><u>SNAP Cluster</u></b>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	HHS000491900001	<u>378,188</u>
Total U.S. Department of Agriculture/SNAP Cluster/State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			<u><b>378,188</b></u>
<b>Total Federal Expenditures</b>			<u><b>\$ 7,179,653</b></u>

\*Indicates a major program.

\*\*No programs used subrecipients

# MHP Salud

## Notes to Schedule of Expenditures of Federal Awards

December 31, 2024

### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Organization under programs of the federal government for the year ended December 31, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

### **Note 2 - Summary of Significant Accounting Policies**

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

### **Note 3 - Sub-Recipients**

There were no amounts provided to subrecipients from federal awards received during the year ended December 31, 2024.

### **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.

**Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

**Independent Auditor's Report**

To the Board of Trustees of  
MHP Salud

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of MHP Salud (the "Organization"), which comprise the statement of financial position as of December 31, 2024, 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 2, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization'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 or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Sax CPAs LLP*

New York, NY  
July 2, 2025



**Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance Required by the  
Uniform Guidance**

**Independent Auditor's Report**

To the Board of Trustees of  
MHP Salud

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited MHP Salud's (the "Organization") compliance with the types of compliance requirements identified as subject to audit 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, 2024. 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.

In our opinion, the Organization complied, in all material respects, with the 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, 2024.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"); 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"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

## Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

*Sax CPAs LLP*

New York, NY  
July 2, 2025



# MHP Salud

## Schedule of Findings and Questioned Costs

December 31, 2024

### 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 ☒ No

Significant deficiency(ies) identified

Not considered to be material weaknesses? ☐ Yes ☒ No

Noncompliance material to financial statements noted? ☐ Yes ☒ No

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ Yes ☒ No

Significant deficiency(ies) identified

Not considered to be material weaknesses? ☐ Yes ☒ 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 ☒ No

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

# **MHP Salud**

## **Schedule of Findings and Questioned Costs**

December 31, 2024

### **Section II - Financial Statement Findings**

None

### **Section III - Federal Award Findings and Questioned Costs**

None