

**LOWER RIO GRANDE VALLEY
COMMUNITY
HEALTH MANAGEMENT CORPORATION**

**FINANCIAL STATEMENTS
AND
AUDITORS REPORTS**

AUGUST 31, 2015

**LOWER RIO GRANDE VALLEY COMMUNITY
HEALTH MANAGEMENT CORPORATION, INC.**

YEAR 2015

BOARD OF DIRECTORS

BOARD CHAIR

HARI NAMBOODIRI

BOARD VICE CHAIR

PABLO TAGLE III

BOARD TREASURER

ROBERTO GUTIERREZ

BOARD SECRETARY

ANNA L. CASARES

MEMBER

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MEMBER

ISRAEL ROCHA

MEMBER

CRISTINA RIVERA

EXECUTIVE DIRECTOR

GRACE LAWSON

**LOWER RIO GRANDE VALLEY
COMMUNITY
HEALTH MANAGEMENT CORPORATION, INC.**

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INDEPENDENT AUDITORS REPORT



Pedro Francisco Garcia

Certified Public Accountant

721 N. 31 St. McAllen, Texas 78501

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Independent Auditor's Report

To the Board of Directors
Lower Rio Grande Valley Community
Health Management Corporation, Inc.

I have audited the accompanying statement of assets, liabilities, and net assets—modified cash basis of the Lower Rio Grande Valley Community Health Management Corporation, Inc. (a nonprofit organization) as of August 31, 2015, and the related statements of support, revenue, and expenditures, and expenditures by function—modified cash basis for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America, Government Auditing Standards, issued by the Comptroller General of the United States, and the standards applicable to financial audits contained in the Uniform Grant Management Standards, issued by the Governor's Office of Budget and Planning of the State of Texas. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion

The accompanying financial statements were prepared using the modified cash basis of accounting which is a comprehension basis of accounting other than generally accepted accounting principles.

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities, and net assets of the Lower Rio Grande Valley Community Health Management Corporation, Inc. as of August 31, 2015 and its support, revenue, and expenditures for the year then ended in conformity with the modified basis of accounting..

In accordance with Government Auditing Standards and Uniform Grant Management Standards, I have also issued my report dated January 22, 2016 on my consideration of the Lower Rio Grande Valley Community Health Management's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on basic financial statements of the Lower Rio Grande Valley Health Management Corporation, Inc. taken as a whole. The accompanying schedules of award expenditures are presented for purposes of additional analysis as required by the Government Auditing Standards and Uniform Grant Management Standards and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended for the information of the management of the Lower Rio Grande Valley Health Management Corporation, Inc. and any funding agency of this organization as a required condition of funding.

A handwritten signature in cursive script that reads "Pedro Francisco Garcia".

January 22, 2016

Basic Financial Statements

**LOWER RIO GRANDE VALLEY
COMMUNITY HEALTH MANAGEMENT CORPORATION, INC.**

**Statement of Assets, Liabilities, and Net Assets
Modified Cash Basis**

August 31, 2015

ASSETS

Current Assets:

| | | |
|--|-----------|---------------|
| Cash (Note 3) | \$ | 16,864 |
| Accounts Receivables | | 0 |
| Leashold improvements, furniture & fixtures -net (Note 4) | | 465 |
| Utility Deposits | | 300 |
| | | 300 |
| Total Assets | \$ | 17,629 |

LIABILITIES AND NET ASSETS

Current Liabilities

| | | |
|----------------------------------|----|---------------|
| Bank Overdraft (Note 3) | \$ | 40,834 |
| Current Portion- LTD | | 30,000 |
| Total Current Liabilities | | 70,834 |

Long Term Liabilities

| | | |
|------------------------------------|--|----------|
| Note payable (Note 5) | | 30,000 |
| Less:Current Long Term Debt | | -30,000 |
| Total Long Term Liabilities | | 0 |

Total Current and Long Term Liabilities **70,834**

Net Assets

| | | |
|-------------------------|----|----------|
| Net Assets -Beginning | \$ | -109,060 |
| Current Year's Earnings | | 55,856 |

Total Net Assets **\$ -53,205**

Total Liabilities and Net Assets **\$ 17,629**

The accompanying notes are an integral part of the financial statements

**LOWER RIO GRANDE VALLEY COMMUNITY
HEALTH MANAGEMENT CORPORATION, INC.
Statement of Support, Revenue, & Expenditures
Modified Cash Basis**

Year Ended August 31, 2015

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total all Funds</u> |
|--|---------------------|-----------------------------------|------------------------|
| Earned Revenue | | | |
| Client Fees (Note 6) | \$ 312,362 | \$ - | \$ 312,362 |
| Other (Note 8 & 9&10) | 27,243 | - | 27,243 |
| | <u>339,605</u> | <u>-</u> | <u>339,605</u> |
| Total earned revenue | | | |
| | <u>339,605</u> | <u>-</u> | <u>339,605</u> |
| Contributed support: | | | |
| Public Support: | | | |
| Contributions-(Note 10) | 26,400 | - | 26,400 |
| Grant Revenue (Note 7) | 879,305 | - | 879,305 |
| | <u>905,705</u> | <u>-</u> | <u>905,705</u> |
| Total contributed support | | | |
| | <u>905,705</u> | <u>-</u> | <u>905,705</u> |
| Total increases in net assets | <u>1,245,310</u> | <u>-</u> | <u>1,245,310</u> |
| Expenditures | | | |
| Program services: | | | |
| Public health and education | 957,541 | - | 957,541 |
| Professional education and training | - | - | - |
| | <u>957,541</u> | <u>-</u> | <u>957,541</u> |
| Total program services | | | |
| | <u>957,541</u> | <u>-</u> | <u>957,541</u> |
| Supporting services: | | | |
| Management and general | 339,885 | - | 339,885 |
| | <u>339,885</u> | <u>-</u> | <u>339,885</u> |
| Total supporting services | | | |
| | <u>339,885</u> | <u>-</u> | <u>339,885</u> |
| Total decreases in net assets | <u>1,297,426</u> | <u>-</u> | <u>1,297,426</u> |

**LOWER RIO GRANDE VALLEY COMMUNITY
HEALTH MANAGEMENT CORPORATION, INC.
Statement of Support, Revenue, & Expenditures
Modified Cash Basis**

Year Ended August 31, 2015

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total all Funds</u> |
|--|---------------------|-----------------------------------|------------------------|
| Excess (deficiency) of public support and revenue over expenditures | \$ (52,116) | \$ - | \$ (52,116) |
| Other changes in net assets: Current Period adjustment/ Reclassifications | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net assets | (52,116) | - | (52,116) |
| Net assets beginning of period | <u>(56,944)</u> | <u>-</u> | <u>-</u> |
| Net assets end of period | <u>\$ (2,116)</u> | <u>\$ -</u> | <u>\$ (2,116)</u> |

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

**LOWER RIO GRANDE VALLEY COMMUNITY
HEALTH MANAGEMENT CORPORATION, INC.
Schedule of Expenditures by Function
Modified Cash Basis**

Year Ended August 31, 2015

| | <u>Program Services</u> | | <u>Total</u> | <u>Supporting Services</u> | <u>Total Expenditures</u> |
|--|--|--|----------------|---------------------------------------|-------------------------------|
| | <u>Public Health and Education</u> | <u>Professional Education and Training</u> | | <u>Management and General</u> | |
| Salaries | \$ 66,656 | \$ - | \$ 66,656 | \$ 496,855 | \$ 563,511 |
| Employee Benefits | <u>90,317</u> | <u>-</u> | <u>90,317</u> | <u>-</u> | <u>90,317</u> |
| Total salaries and related expenditures | 156,973 | - | 156,973 | 496,855 | 653,828 |
| Professional fees and contractual payments | 413,633 | - | 413,633 | 37,463 | 451,096 |
| Administrative Service Contracts | - | - | - | - | - |
| Supplies | - | - | - | 35,284 | 35,284 |
| Telephone | - | - | - | - | - |
| Equipment rental | 9,183 | - | 9,183 | 2,952 | 12,135 |
| Equipment Repairs & Maintenance | 2,107 | - | 2,107 | - | 2,107 |
| Contract-Clerks | - | - | - | - | - |
| Printing | - | - | - | - | - |
| Travel | - | - | - | 8,027 | 8,027 |
| Conferences, conventions, and meeting | - | - | - | - | - |
| Interest | - | - | - | 1,687 | 1,687 |
| Insurance and bonds | - | - | - | 38,996 | 38,996 |
| Janitorial services | - | - | - | 16,000 | 16,000 |
| Laboratory fees | - | - | - | - | - |
| Repair and maintenance | - | - | - | 68,450 | 68,450 |
| Advertising | 1,382 | - | 1,382 | - | 1,382 |
| Utilities | - | - | - | 33,850 | 33,850 |
| Miscellaneous | <u>-</u> | <u>-</u> | <u>-</u> | <u>23,652</u> | <u>23,652</u> |
| Total expenditures before depreciation | 426,305 | - | 426,305 | 277,584 | 1,357,987 |
| Depreciation and ammortization | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total expenditures | <u>\$ 426,305</u> | <u>-</u> | <u>426,305</u> | <u>277,584</u> | <u>1,357,987</u> |

The accompanying notes are an integral part of the financial statements

NOTES TO FINANCIAL STATEMENTS

**LOWER RIO GRANDE VALLEY
COMMUNITY
HEALTH MANAGEMENT CORPORATION, INC.
Notes to the Financial Statements**

August 31, 2015

Note 1 – The Organization - Overview

The Lower Rio Grande Valley Community Health Management Corporation, Inc. has been classified as a voluntary health agency exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. It is permitted to receive tax deductible charitable contributions under Section 170 (c) (2) of the Internal Revenue Code. The organization is not considered a private foundation.

The organization's purpose is to provide clinic services to medically indigent persons within the County of Hidalgo, TX. The services include direct access to primary and preventive health care. Services also includes the promotion of community awareness of the need for preventive health care, coordination if research based programs and continuing medical education for health care professionals.

The organization receives operational funding from fees charged patient clients for certain medical evaluations, from local sources and from various grants awarded yearly to the organization to provide these services.

The organization maintains medical personnel under contract to provide the medical services that are provided by the organization. All the cost of these services are paid from funding provided by the organization.

The organization has a board of directors that are mostly from the medical field and meet to make decisions regarding the organization.. The management of the organization is provided through the services of an executive director that implements the board of director's policies and directions of the organization.

The medical services provided include family practice, preventive health screening, medical case management, immunizations and physical exams. Patients are initially interviewed to determine an eligibility program for financial assistance. Patient's payments are based on income which can be either private payments or insurance of the patient.

**LOWER RIO GRANDE VALLEY
COMMUNITY
HEALTH MANAGEMENT CORPORATION, INC.
Notes to the Financial Statements**

August 31, 2015

Note 2 – Summary of Significant Accounting Policies

The organization's financial statements are prepared using the modified cash basis of accounting which is a comprehensive basis of accounting different from generally accepted accounting principles. Allocations of costs of the organization are made by management regarding various items within the scope of the financial statements. Costs for certain items are determined based basically from certain estimates made by management.

The allocation procedures are part of the organization's cost basis and are sometimes mandated by funding agencies as part of their requirements to receive funding. These included restricted and unrestricted uses of grant funds.

The organization maintains the required accounting procedures that are utilized for governmental accounting. Financial information is provided every month and bank reconciliations and required financial information is provided within reasonable time.

As a non profit organization it is exempt from income taxes and certain governmental criteria used to determine a profit motive. Since most of the revenues received are from allowed contributions they are disclosed on the organizations tax return.

Accounting procedures used by the organization are designed to measure the effectiveness of the revenues received and does not measure revenues as a profit motive. Generally, most accounting procedures use measure the effectiveness of services provided by the organization and determines the cost use to provide the services.

**LOWER RIO GRANDE VALLEY
COMMUNITY
HEALTH MANAGEMENT CORPORATION, INC.
Notes to the Financial Statements**

August 31, 2015

Note 3 – Cash

The organization maintains three (3) bank accounts at two (2) local banks. These bank accounts are subject to various policies and procedures of the organization regarding deposits and check writing. Two signatures are required for checks issued.

Pledged collateral is maintained by the banks to insure that the organization's funds are secured if the deposited organization's funds exceed the Federal Deposit Insurance Corporation's limit. As of August 31, 2015, the pledged collateral was sufficient to cover any excessive amounts.

Note 4 – Furniture, Fixtures and Equipment

The organization's policy regarding purchased assets are to capitalized such assets with a useful life exceeding one year and a minimum cost of \$5,000. In addition, specific equipment with a minimum cost of \$500. are also capitalized. Depreciation of such assets is provided over the estimated useful life of the asset utilizing the straight line method. Donated assets are not capitalized in the same manner as purchased assets.

Note 5 – Notes Payable

The notes payable represents the balance due on an unsecured 60 month letter of credit from Frost National Bank. This note is payable in monthly installments of \$3,343.. which includes interest computed at Frost's prime rate. The maturity date of the note is January 20, 2014. As of August 31, 2013 the notes payable balance was \$50,000. A note payable of \$50,000 is secure by a letter or credit.

Note 6- Earned Revenue

The Clinic provides services to the indigent and lower income individuals. The fees charged clients are based on their ability to pay. The use of revenue generated from performing these services is considered program revenue and is to be used in a similar manner as the grant funds.

**LOWER RIO GRANDE VALLEY
COMMUNITY
HEALTH MANAGEMENT CORPORATION, INC.
Notes to the Financial Statements**

August 31, 2015

Note 6 – Earned Revenue (Continued)

The following are the types of fees earned during the current year.

| | |
|-------------------------|----------------|
| Client Fees-Private Pay | \$ 171,999. |
| Client Fees-Co-pay | 69,969. |
| Client Fees-Medicare | 25,248. |
| Client Fees-Medicaid | <u>11,622.</u> |
| Total Fees | \$ 286,615. |

Note 7 – Grant Revenue

Funding for operations was provided from the following funding sources in the indicated amounts.

| | |
|-------------------------|----------------------|
| DSHS – PHC | \$ 409,865. |
| City of McAllen | 120,717. |
| DSHS-EPHC | 46,829. |
| MHM – Wellness | 154,795. |
| MHM-Primary Health Care | 272,043. |
| MHM Surplus | 48,975. |
| CPRIT | 8,500. |
| CDBG | 1,154. |
| Total Grant Revenue | <u>\$ 1,062,878.</u> |

Various funding beginning and ending dates for each grant exists and overlap the organizations fiscal year of August 31, 2015. All amounts reflected in the amounts of grant revenues are as of August 31, 2015.

**LOWER RIO GRANDE VALLEY
COMMUNITY
HEALTH MANAGEMENT CORPORATION, INC.
Notes to the Financial Statements**

August 31, 2015

Note 8 – Rent Income

The organization is currently leasing a portion of its operating facility. The leases are annual lessees and the rental fees are based on either square footage or monthly fee. Rental income for the year ended August 31, 2015 was \$39,700.

Note 9 – In-Kind Contributions

The value of in-kind contributions is not recognized in these modified cash basis financial statements. These contributions benefit program services and administration.

Note 10 – Other Income

The organization receives income from general public that is currently classified as other Income. The other income as received are:

| | |
|------------|---------------|
| Donations: | \$20,800. |
| Other: | <u>3,850.</u> |
| | \$24,650. |

This income is used to offset the organizations expenditures.

SUPPLEMENTARY INFORMATION

**LOWER RIO GRANDE VALLEY
COMMUNITY HEALTH MANAGEMENT CORPORATION, INC.**

**Schedule of Awards
Modified Cash Basis**

For the Year Ended August 31,2015

| <u>Grantor/Program Title</u> | <u>State Expenditures</u> |
|--|-------------------------------|
| DSHS - PHC Primary Health Care Program (COPC) 2013-041949-001 | \$409,885.00 * |
| City of Mcallen, TX | \$130,703.00 |
| | <hr/> |

* Audited as a Major Program

**LOWER RIO GRANDE VALLEY
 COMMUNITY HEALTH MANAGEMENT CORPORATION, INC.**
**Schedule of Award Revenues, Expenditures
 and Changes in Net Assets
 Modified Cash Basis**

For the Year Ended August 31,2015

| | |
|----------------|-------------------------------------|
| Grantor Agency | Department of State Health Services |
| Award Number | 2012-039725 |
| Award Period | 09/01/2014 to 08/31/2015 |

| | |
|--|-----------------|
| Revenues: | |
| Program funds | \$ 409,865 |
| Program revenue | <u>69,967</u> |
| | |
| Total revenues | <u>479,832</u> |
| | |
| Expenditures: | |
| Personnel | 264,446 |
| Fringe Benefits | 43,753 |
| Travel | - |
| Equipment | 1,641 |
| Supplies | 13,474 |
| Contractual | 112,707 |
| Other | 62,520 |
| | |
| Total direct costs | 498,542 |
| | |
| Indirect Costs | <u>-</u> |
| | |
| Total expenditures | 498,542 |
| | |
| Excess expenditures over revenues | <u>(18,710)</u> |

**LOWER RIO GRANDE VALLEY
COMMUNITY HEALTH MANAGEMENT CORPORATION, INC.
Schedule of Award Revenues, Expenditures
and Changes in Net Assets
Modified Cash Basis**

For the Year Ended August 31,2015

| | |
|----------------|--------------------------|
| Grantor Agency | City of Mcallen, Texas |
| Award Number | None |
| Award Period | 10/01/2014 to 09/30/2015 |

Revenues:

| | |
|-----------------------|-------------------|
| Programs Funds | \$ 120,000.00 |
| Program revenue | 0 |
| Total revenues | <u>103,000.00</u> |

Expenditures:

| | |
|-----------------------|--------|
| Personnel | 51,199 |
| Fringe Benefits | 6,424 |
| Travel | - |
| Equipment | - |
| Repairs & Maintenance | - |
| Supplies | - |
| Contractual | 73,080 |
| Other | - |

| | |
|---------------------------|----------------|
| Total direct costs | <u>130,703</u> |
|---------------------------|----------------|

Indirect Costs

| | |
|---------------------------|----------------|
| Total expenditures | <u>130,703</u> |
|---------------------------|----------------|

| | |
|--|----------------|
| Excess expenditures over revenues | <u>(9,987)</u> |
|--|----------------|

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL CONTROL OVER FINANCIAL REPORTING**



Pedro Francisco Garcia

Certified Public Accountant

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Independent Auditor's Report

**REPORT OF COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS AND
UNIFORM GRANT MANAGEMENT STANDARDS**

Board of Directors
Lower Rio Grande Valley Community
Health Management Corporation, Inc.

I have audited the financial statements of the Lower Rio Grande Valley Community Health Management Corporation, Inc. for the year ended August 31, 2015, and have issued my report thereon dated January 24, 2016. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and Uniform Grant Management Standards issued by the Governor's Office of Budget and Planning of the State of Texas.

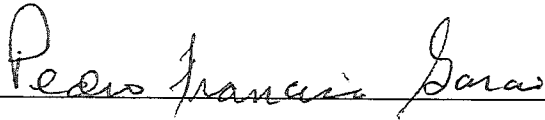
Compliance

As part of obtaining reasonable assurance about whether the Lower Rio Grande Valley Community Health Management's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such opinion. The results of my tests disclosed no instance of noncompliance that is required to be reported under Government Auditing Standards and Uniform Grant Management Standards. I did not note any immaterial instances of noncompliance for the current audit year.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Lower Rio Grande Valley Community Health Management's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matter involving the internal control over financial reporting that I consider to be a material weakness.

This report is intended for the information of management and any funding agency of this organization as part of a required condition of funding



January 24, 2016

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR PROGRAMS**



Pedro Francisco Garcia

Certified Public Accountant

721 N. 31 St. McAllen, Texas 78501

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Independent Auditor's Report

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133 and UNIFORM GRANT
MANAGEMENT STANDARDS**

Board of Directors
Lower Rio Grande Valley Community
Health Management Corporation, Inc.

Compliance

I have audited the compliance of the Lower Rio Grande Valley Community Health Management Corporation, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and Uniform Grant Management Standards that are applicable to its major program for the year ended August 31, 2015. The Lower Rio Grande Valley Community Health Management's major program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major program is the responsibility of the Lower Rio Grande Valley Community Health Management's management. My responsibility is to express an opinion on the Lower Rio Grande Valley Community Health Management's compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; OMB Circular A-133, Audits of States and Local Governments, and Non-Profit Organizations and the Uniform Grant Management Standards; issued by the Governor's Office of Budget and Planning of the State of Texas. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major program. An audit includes examining, on a test basis, evidence about the Lower Rio Grande Valley Community Health Management's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on the Lower Rio Grande Valley Community Health Management's compliance with those requirements.

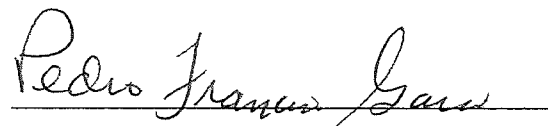
In my opinion, the Lower Rio Grande Valley Community Health Management complied, in all material respects, with the requirements referred to above that are applicable to its major award program for the year ended August 31, 2015.

Internal Control Over Compliance

The management of the Lower Rio Grande Valley Community Health Management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to award programs. In planning and performing my audit, I considered the Lower Rio Grande Valley Community Health Management's internal control over compliance with requirements that could have a direct and material effect on its major award program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Uniform Grant Management Standards.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major award program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control structure that are considered to be material weaknesses. However, I noted no item considered to be a material weakness.

This report is intended for the information of the management, and awarding agencies.


Pedro Juan Garcia

January 24, 2016

SCHEDULE OF FINDINGS AND QUESTION COST

**LOWER RIO GRANDE VALLEY
COMMUNITY
HEALTH MANAGEMENT CORPORATION, INC.**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED AUGUST 31, 2015

Type of report on Financial Statements: Unqualified (Modified Cash Basis)

Reportable Conditions:

No reportable condition was reported.

Material Weakness Involving Reportable Condition:

No material weakness involving a reportable condition was noted.

Noncompliance Material to the Financial Statements:

No material noncompliance was noted.

Type of Report on Compliance: Unqualified

Dollar Threshold Considered Between Type A and Type B

Award Programs: \$500,000

Risk Classification of Auditee: Low Risk

Major Program: 2015-036925-001

FINDING/NONCOMPLIANCE

**QUESTIONED
COST**

No material finding or questioned cost was noted related
to the major program

N/A

Statement of Corrective Action Taken -- Prior Finding -- Current Year Disclosures

There was no material finding or questioned cost reported in the prior year.
Hence, the statement of corrective action taken is not applicable.

Scope of Test

The scope of testing was on a random sampling method. The sample tested was on cancelled checks for the August 31, 2015 fiscal year.

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