

Native American Professional Parent Resources, Inc.

FINANCIAL STATEMENTS

June 30, 2016

(With Comparative Totals for 2015)

INDEPENDENT AUDITORS' REPORT

Board of Directors
Native American Professional Parent Resources, Inc.

We have audited the accompanying financial statements of Native American Professional Parent Resources, Inc. (the Organization) which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

Auditors' 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 auditors' 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 Organization'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 Organization'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 present fairly, in all material respects, the financial position of the Organization as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 financial statements, and our report dated December 2, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

November 21, 2016


Pulakos CPAs, PC

Native American Professional Parent Resources, Inc.

STATEMENTS OF FINANCIAL POSITION

June 30, 2016

(With Comparative Totals for 2015)

<u>Assets</u>	<u>2016</u>	<u>2015</u>
Current assets		
Cash	\$ 1,218,284	\$ 1,230,421
Grant and other program receivables	450,613	569,986
Pledges receivable	64,000	68,128
Prepaid expenses and deposits	96,064	86,460
	<hr/>	<hr/>
Total current assets	1,828,961	1,954,995
Property and equipment, net	140,276	135,419
	<hr/>	<hr/>
Total assets	<u>\$ 1,969,237</u>	<u>\$ 2,090,414</u>
 <u>Liabilities and Net Assets</u> 		
Current liabilities		
Accounts payable	\$ 222,698	\$ 299,678
Accrued liabilities	87,438	56,626
	<hr/>	<hr/>
Total current liabilities	310,136	356,304
Net assets		
Unrestricted	1,595,101	1,665,982
Temporarily restricted	64,000	68,128
	<hr/>	<hr/>
Total net assets	1,659,101	1,734,110
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 1,969,237</u>	<u>\$ 2,090,414</u>

Native American Professional Parent Resources, Inc.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

**Year Ended June 30, 2016
(With Comparative Totals for 2015)**

	2016			2015 Total
	Unrestricted	Temporarily Restricted	Total	
Revenues, support and gains				
Grants and contracts	\$ 2,551,747	\$ 64,000	\$ 2,615,747	\$ 5,231,920
Provider agreements	2,678,881	-	2,678,881	2,287,317
Contributions	4,212	-	4,212	4,099
Donated products and services	342,348	-	342,348	303,596
Other income	289	-	289	413
Net assets released from restrictions	68,128	(68,128)	-	-
 Total revenues, support and gains	 5,645,605	 (4,128)	 5,641,477	 7,827,345
Expenses				
Program	4,752,358	-	4,752,358	6,407,478
Management and general	964,128	-	964,128	733,426
 Total expenses	 5,716,486	 -	 5,716,486	 7,140,904
 Change in net assets	 (70,881)	 (4,128)	 (75,009)	 686,441
 Net assets, beginning of year	 1,665,982	 68,128	 1,734,110	 1,047,669
 Net assets, end of year	 <u>\$ 1,595,101</u>	 <u>\$ 64,000</u>	 <u>\$ 1,659,101</u>	 <u>\$ 1,734,110</u>

Native American Professional Parent Resources, Inc.

STATEMENTS OF CASH FLOWS

Year Ended June 30, 2016
(With Comparative Totals for 2015)

	<u>2016</u>	<u>2015</u>
Operating activities		
Change in net assets	\$ (75,009)	\$ 686,441
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	45,376	46,034
Bad debt expense	40,228	29,326
Net changes to operating assets and liabilities		
Receivables	83,273	(121,994)
Prepaid expenses and deposits	(9,604)	(49,267)
Accounts payable and accrued liabilities	(46,168)	50,485
	<u>38,096</u>	<u>641,025</u>
Net cash provided by operating activities		
	38,096	641,025
Investing activities - purchase of property and equipment	<u>(50,233)</u>	<u>(9,196)</u>
Change in cash and equivalents	(12,137)	631,829
Cash and equivalents, beginning of year	<u>1,230,421</u>	<u>598,592</u>
Cash and equivalents, end of year	<u>\$ 1,218,284</u>	<u>\$ 1,230,421</u>

Native American Professional Parent Resources, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

**Year Ended June 30, 2016
(With Comparative Totals for 2015)**

	2016			2015
	Program	Management and General	Total	Total
Salaries	\$ 1,295,384	\$ 497,737	\$ 1,793,121	\$ 1,960,322
Payroll taxes and employee benefits	315,053	92,806	407,859	444,715
Total personnel	1,610,437	590,543	2,200,980	2,405,037
Professional fees	2,089,908	30,943	2,120,851	3,122,103
In-kind expense	326,113	16,235	342,348	303,595
Rent, lease and utilities	199,878	63,466	263,344	241,545
Other expenses	132,274	37,617	169,891	250,683
Mileage, travel, and per diem	132,397	28,061	160,458	289,512
Program supplies	57,387	56,152	113,539	112,534
Office supplies and expense	45,997	18,386	64,383	120,410
Telephone	48,565	2,865	51,430	60,745
Depreciation	-	45,376	45,376	46,034
Bad debt	8,472	31,756	40,228	29,326
Repairs and maintenance	29,915	6,398	36,313	37,099
Advertising and marketing	28,821	4,238	33,059	38,481
Conferences	20,548	5,873	26,421	41,876
Subscriptions, dues, and resources	20,075	5,657	25,732	25,654
Insurance expense	1,571	20,562	22,133	16,270
	\$ 4,752,358	\$ 964,128	\$ 5,716,486	\$ 7,140,904

See Notes to Financial Statements and Independent Auditors' Report.

Native American Professional Parent Resources, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

(With Comparative Totals for 2015)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations

Native American Professional Parent Resources, Inc. (the Organization) provides education and direct services to Native American children and families and support services to Indian Health Service dental clinics. The Organization receives their financial support from Medicaid, Federal, state, and local grants and contracts, United Way, and public contributions. The programs operated by the Organization include:

Dental Support Center: Offers support, educational opportunities, and training to Indian Health Service dental programs in order to improve oral health of Native Americans.

Early Head Start: Provides quality child and family development services to income eligible pregnant Native American women and families with infants and toddlers in home and center based settings.

Early Intervention Services: Program gives direct educational and developmental support to children with special needs up to three years old and their families.

Healthcare Education and Outreach: Provides in-person consumer assistance to Native Americans who may benefit from new health coverage options available through the New Mexico Health Insurance Exchange.

Home Visiting: Home-based program that provides parenting education and health promotion to families and expectant parents.

Estimates

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

Financial Statement Presentation

The financial statements have been prepared and are presented on the accrual basis of accounting.

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 financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Native American Professional Parent Resources, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

(With Comparative Totals for 2015)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Grant and Contract Receivables

Contract revenues are recorded when services are rendered. Grant revenues are substantially recorded as related costs are incurred, as the terms of grants are primarily cost-reimbursement in nature. Management reviews the collectability of its receivables and records a reserve for its estimate of uncollectible accounts. Historical bad debts and current facts and circumstances are the primary bases for this estimate. When an account is deemed uncollectible, it is charged off against the allowance. Management estimates that the allowance for doubtful accounts is zero as of June 30, 2016 and 2015, respectively.

Pledges Receivable

Pledges receivable represent unconditional promises to give and are recognized in the period the pledge is received. Pledges receivable are all due within one year and are considered fully collectible at June 30, 2016 and 2015, respectively.

Property and Equipment

Property and equipment consists primarily of computer and office equipment and are stated at cost. Depreciation is recorded on the straight-line basis over the asset's estimated useful lives, which range from two to five years. The Organization capitalizes acquisitions in excess of \$5,000. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation expense for the years ended June 30, 2016 and 2015 was \$45,376 and \$46,034, respectively.

Net Assets

Unrestricted net assets represent resources whose use is not limited or restricted by donors. Unrestricted net assets have arisen from exchange transactions, receipt of unrestricted contributions and expirations of existing restrictions. Temporarily restricted contributions are recorded as unrestricted to the extent the restrictions expire in the same reporting period.

Temporarily restricted net assets represent resources whose use is limited by donors to specified purposes. Temporarily restricted net assets are released as unrestricted when the related purpose requirements are satisfied.

Permanently restricted net assets represent resources that are maintained permanently, according to donor-imposed restrictions. The Organization has no permanently restricted net assets as of June 30, 2016 and 2015, respectively.

Native American Professional Parent Resources, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

(With Comparative Totals for 2015)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Donated Services and Materials

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated materials are reflected as contributions at their estimated values at the date of receipt.

Income Taxes

The Organization has received tax-exempt status under Code Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions and has evaluated its tax positions taken for all open tax years. Currently, the 2013, 2014 and 2015 tax years are open and subject to examination by the Internal Revenue Service and New Mexico Taxation and Revenue Department. However, the Organization is not currently under audit nor has the Organization been contacted by any of these jurisdictions. Management believes that the activities of the Organization are within their tax-exempt purpose, and that there are no uncertain tax positions. Any interest and penalties recognized associated with a tax position are classified as current in the Organization's financial statements. There were no interest or penalties recorded as of June 30, 2016 and 2015.

Restricted and Unrestricted Support and Revenue

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending upon the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Classification of Expenses

Expenses are presented on a functional basis allocated among its various programs, including management and general. Expenses and support services related to a specific program are allocated directly according to their natural expenditure classification. Other expenditures that are common to several programs are allocated based on various relationships, such as square footage or direct labor or periodic time and expense studies.

Fundraising Activity

The Organization accounts for the allocation of joint costs between program activities and fundraising as provided for by accounting principles generally accepted in the United States of America, surrounding the accounting for costs of activities of not-for-profit organizations that include fundraising.

Financial Instruments

The carrying amounts of cash, receivables, payables, accrued expenses, and other liabilities approximate fair value due to short maturity periods of these instruments.

Native American Professional Parent Resources, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

(With Comparative Totals for 2015)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Advertising

Advertising costs are expensed as incurred, and were \$33,059 and \$38,481 in 2016 and 2015, respectively.

Subsequent Events

The Organization has evaluated all other events occurring subsequent to June 30, 2016 and through November 21, 2016, which is the date that the financial statements were issued, and does not believe that any events occurring during this period require either recognition or disclosure in the accompanying financial statements other than the item described below.

On July 7, 2016 the Organization purchased one of the buildings it was leasing. The building was purchased with cash at a price of \$469,133.

NOTE 2 – PROPERTY AND EQUIPMENT

	<u>2016</u>	<u>2015</u>
Equipment	\$ 242,358	\$ 191,525
Leasehold improvements	121,680	122,280
Software	<u>1,715</u>	<u>1,715</u>
	365,753	315,520
Accumulated depreciation	<u>(225,477)</u>	<u>(180,101)</u>
	<u>\$ 140,276</u>	<u>\$ 135,419</u>

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Various contributions have been temporarily restricted by the donor for either time or purpose:

	<u>2016</u>	<u>2015</u>
United Way – Child & Family Services	<u>\$ 64,000</u>	<u>\$ 68,128</u>

Net assets released from restrictions are as follows:

	<u>2016</u>	<u>2015</u>
United Way – Child & Family Services	<u>\$ 68,128</u>	<u>\$ 61,030</u>

Native American Professional Parent Resources, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

(With Comparative Totals for 2015)

NOTE 4 – LINE-OF-CREDIT

The Organization is party to a line-of-credit agreement with a financial institution that allows for up to \$50,000 to be drawn upon as needed, secured by assets. The line bears variable interest at prime rate (3.5% and 3.25% as of June 30, 2016 and 2015, respectively) plus 1.00%, with a minimum interest rate of 6.00%. Interest-only payments are due monthly. The line has no maturity date. The balance on the line was zero as of June 30, 2016 and 2015, respectively.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Organization leases its operating facility under an operating lease agreement that calls for monthly payments of \$14,573 and expires in November 2019. The Organization leases its learning center facility under an operating lease agreement that calls for monthly payments of \$3,200, and expires in November 2018. The Organization leases two pieces of office equipment under operating lease agreements that call for monthly payments of \$532 and \$371 and expire in October 2020 and 2017, respectively.

Total rent expense under these leases was \$263,344 and \$241,545, in 2016 and 2015, respectively.

Future minimum fiscal year lease payments for all leases are as follows:

2017	\$	244,731
2018		233,864
2019		212,551
2020		87,440
2021		<u>2,128</u>
	\$	<u>780,714</u>

Concentration of Revenues

In 2016 and 2015, the Organization's most significant funding sources were support from a contract with the State of New Mexico Medicaid program and a contract with the Healthcare, Education, and Outreach program. This funding from these two sources totaled 60% and 70% of total revenues for the years ended June 30, 2016 and 2015, respectively. The receivable from the New Mexico Medicaid program was \$157,995 and \$380,456 as of June 30, 2016 and 2015, respectively. The Healthcare, Education, and Outreach program had ended as of June 30, 2016.

Native American Professional Parent Resources, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

(With Comparative Totals for 2015)

NOTE 5 – COMMITMENTS AND CONTINGENCIES – CONTINUED

Questioned Costs

The Organization receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement by the grantor agencies for expenditures disallowed under the terms and conditions of the appropriate agency. The Organization has not experienced questioned costs in the past. In the opinion of the Organization's management, such disallowances, if any, would not be significant.

Employee Benefit Plan

The Organization sponsors a 403(b) retirement plan (the Plan) for all eligible employees. To be eligible, employees must be 21 years of age or older and may elect to participate beginning with the first payroll period after employment. Contributions to the Plan come from elective salary deferrals made by participants. The Organization does not make matching or discretionary contributions to the Plan.

NOTE 6 – CREDIT RISK

The Organization maintains its cash and cash equivalent balances in a financial institution. Accounts at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. At times, portions of the cash and cash equivalent balances in the financial institutions may exceed the FDIC insured limits.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Native American Professional Parent Resources, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2016

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
The Affordable Care Act Tribal, Maternal, Infant, and Early Childhood Home Visiting Grant Program	93.508	90TH0006-05-00; 90TH0006-06-01	\$ 624,695
Early Head Start	93.600	06CH2003/02; 06CH7183/002/01	1,005,751
Urban Indian Health Services - Albuquerque Area Dental Program	93.193 93.933	HHSI242201100007C; U3D2IHS0019-01-00	<u>227,560</u>
Total federal expenditures			<u>\$ 1,858,006</u>

NOTE - The schedule of expenditures of federal awards has been prepared on the accrual basis of accounting.

**INDEPENDENT AUDITORS' 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**

Board of Directors
Native American Professional Parent Resources, Inc.

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 Native American Professional Parent Resources, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2016.

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

Purpose of this Report

The purpose of this report, is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 21, 2016


Pulakos CPAs, PC

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Native American Professional Parent Resources, Inc.

Report on Compliance for Each Major Federal Program

We have audited Native American Professional Parent Resources, Inc.'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 June 30, 2016. The Organization's major federal programs are identified in the summary of auditors' 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.

Auditors' 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 June 30, 2016.

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.

November 21, 2016


Pulakos CPAs, PC

Native American Professional Parent Resources, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:
Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal Control over major programs:
Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified? _____ Yes X No

Type of auditors' report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 500.16(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Numbers(s)</u>	<u>Name of Federal Program or Cluster</u>
93.600	Early Head Start
93.508	The Affordable Care Act Tribal, Maternal, Infant, and Early Childhood Home Visiting Grant Program

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

Auditee qualified as low-risk auditee? _____ Yes X No

Native American Professional Parent Resources, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2016

SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

SECTION IV - SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

NONE