



Federal Awards Reports in Accordance
with the Uniform Guidance
December 31, 2020

Minnesota Comprehensive Health Association

Minnesota Comprehensive Health Association

Table of Contents

December 31, 2020

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.....	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	7
Schedule of Findings and Questioned Costs	8



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

To the Board of Directors
Minnesota Comprehensive Health Association
St. Louis Park, Minnesota

We have audited, 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, the financial statements of Minnesota Comprehensive Health Association, which comprise the Statements of Net Position as of December 31, 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related footnotes to the financial statements, and have issued our report thereon dated April 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Minnesota Comprehensive Health Association’s internal control over financial reporting (internal control) as a basis for designing 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 Minnesota Comprehensive Health Association’s internal control. Accordingly, we do not express an opinion on the effectiveness of Minnesota Comprehensive Health Association’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 Minnesota Comprehensive Health Association'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. We noted no instances of noncompliance during our procedures.

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

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota
April 28, 2022



Independent Auditor’s Report on Compliance for the Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
Minnesota Comprehensive Health Association
St. Louis Park, Minnesota

Report on Compliance for the Major Federal Program

We have audited Minnesota Comprehensive Health Association’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Minnesota Comprehensive Health Association’s major federal program for the year ended December 31, 2020. Minnesota Comprehensive Health Association’s major federal program is identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal program.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for Minnesota Comprehensive Health Association’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with the 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 including examining, on a test basis, evidence about Minnesota Comprehensive Health Association’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 the major federal program. However, our audit does not provide a legal determination of Minnesota Comprehensive Health Association’s compliance.

Opinion on the Major Federal Program

In our opinion, Minnesota Comprehensive Health Association's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Other Matter

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001. Our opinion on the major federal program is not modified with respect to this matter.

Report on Internal Control over Compliance

Management of Minnesota Comprehensive Health Association 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 Minnesota Comprehensive Health Association's internal control over compliance with the types of compliance requirements that could have a direct and material effect of the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Minnesota Comprehensive Health Association'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 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 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 identified certain deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001 that we consider to be a material weakness.

Minnesota Comprehensive Health Association's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs and the Corrective Action Plan. Minnesota Comprehensive Health Association's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing in internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of Minnesota Comprehensive Health Association as of and for the year ended December 31, 2020, and have issued our report thereon dated April 28, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects to the financial statements as a whole.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Fargo, North Dakota
April 28, 2022

Minnesota Comprehensive Health Association
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
Department of Health and Human Services Passed through the State of Minnesota Waivers for State Innovation for Section 1332 of the Patient Protection and Affordable Care Act (PPACA)	93.423	162540	<u>\$ 84,757,861</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Minnesota Comprehensive Health Association under programs of the federal government for the year ended December 31, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Minnesota Comprehensive Health Association, it is not intended to and does not present the net position, changes in revenues, expenses and changes net position or cash flows of Minnesota Comprehensive Health Association.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the cash basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The Organization has not elected to use the 10% de minimis cost rate.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported
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 2 CFR 200.516:	Yes

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing/CFDA Number
Waivers for State Innovation for Section 1332 of the Patient Protection and Affordable Care Act	93.423
Dollar threshold used to distinguish between type A and type B programs:	\$2,542,736
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

2020-001

**U.S. Department of Health and Human Services
Passed Through the State of Minnesota
Federal Financial Assistance Listing/CFDA Number 93.423
Waivers for State Innovation for Section 1332 of the Patient Protection and Affordable
Care Act**

**Financial Reporting Required under Uniform Guidance
Material Weakness in Internal Control over Compliance and Material Noncompliance**

Criteria – Federal regulations under 2 CFR 200.501(a) require a financial and compliance audit be performed in any fiscal year in which a non-Federal entity expends \$750,000 or more in qualifying federal funds. 2 CFR 200.512 requires that the audit must be completed, and the data collection form must be submitted within the earlier of 30 calendar days after the receipt of the auditor’s report or nine months after the end of the audit period. Note that due to the COVID-19 pandemic, 6-month extensions were granted which extended this requirement to fifteen months after the end of the audit period.

Condition – The required compliance audit was not performed in a timely manner nor were the reports filed with the Federal clearinghouse within the required timeframe.

Cause – Minnesota Comprehensive Health Association had been informed that the required compliance audit would be completed at the state level. Upon being informed that a compliance audit would be required, the timing was such that it was not possible to complete by March 31, 2022.

Effect – Minnesota Comprehensive Health Association did not meet the reporting requirements by the required due dates.

Questioned Costs – None

Context/Sampling – No sampling was used. The completion of the compliance and submission of the data collection form was not completed prior to the extended deadline of March 31, 2022.

Repeat Finding from Prior Year – No

Recommendation – We recommend that management ensure that all provisions related to grants and Federal requirements are followed.

Views of Responsible Officials – Management agrees with the finding.