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SINGLE AUDIT

MIGRANT HEALTH CENTER
WESTERN REGION, INC.

Year Ended February 29, 2012

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PKF Torres-Llompart, Sánchez-Ruiz LLC

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Migrant Health Center
Western Region, Inc.

We have audited the accompanying statement of financial position of Migrant Health Center Western Region, Inc. (the Center), as of February 29, 2012, and the related statements of activities and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements as of February 28, 2011, were audited by PKF, LLP, who merged with Torres Llompart, Sánchez Ruiz LLC as of April 1, 2011, and whose report dated September 7, 2011, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standard, 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 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of February 29, 2012, and the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Board of Directors
Migrant Health Center
Western Region, Inc.
Page 2

In accordance with Government Auditing Standards we have also issued our report dated August 3, 2012, on our consideration of the Center'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

We have audited the financial statements of Migrant Health Center Western Region, Inc. as of February 29, 2012, and have issued our report thereon dated August 3, 2012. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PKF Torres Lampert, Sánchez Ruiz, LLC

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to the original of this report.
August 3, 2012

MIGRANT HEALTH CENTER WESTERN REGION, INC.

Statements of Financial Position

	February 29	
	2012	2011
Assets		
Current assets		
Cash and cash equivalents	$ 7,952,070	$ 6,644,641
Accounts receivable from third party payors	609,303	810,317
Accounts receivable from federal grant contracts	5,326,195	5,157,701
Accounts receivable from capitation contracts	162,964	141,900
Accounts receivable others	466,715	20,757
Inventories	426,739	341,874
Prepaid expenses	220,587	684,542
Total current assets	15,164,573	13,801,732
Noncurrent assets		
Property and equipment, net	6,264,867	5,296,648
Other assets	497,418	25,600
Total noncurrent assets	6,762,285	5,322,248
Total assets	21,926,858	19,123,980
Liabilities and Net Assets		
Current liabilities		
Accounts payable	621,863	190,972
Obligations under capital leases	2,344	-
Acrrued liabilities	486,331	442,635
Total current liabilities	1,110,537	633,607
Obligations under capital leases, net of current portion	15,481	-
IBNR reserve	1,277,254	1,586,653
Total liabilities	2,403,272	2,220,260
Commitments		
Net assets		
Unrestricted	14,202,782	11,489,780
Temporary restricted	5,320,804	5,413,940
Total net assets	19,523,586	16,903,720
Total liabilities and net assets	$ 21,926,858	$ 19,123,980

See notes to financial statements

MIGRANT HEALTH CENTER WESTERN REGION, INC.

Statements of Activities

	Years Ended February 29	
	2012	2011
Changes in unrestricted net assets		
Unrestricted revenues		
Net patient service	$ 9,000,730	$ 6,611,813
Health reform	3,744,279	3,932,355
Other	796,086	121,498
Total unrestricted revenues	13,541,094	10,665,666
Net assets released from restrictions	6,357,390	6,299,513
Total unrestricted revenues and support	19,898,484	16,965,179
Expenses		
Salaries and wages	6,257,005	5,661,081
Fringe benefits	2,871,930	1,737,379
Consultant and contractual	865,439	644,268
Drugs and medicines	2,166,233	2,330,254
Health reform	1,165,289	2,659,149
Supplies	1,215,731	862,006
Depreciation and amortization	441,848	290,246
Rent	55,418	53,385
Insurance	68,035	54,153
Travel	48,236	106,894
Interest and bank charges	22,739	18,474
IBNR provision	161,975	-
Other	2,196,297	670,187
Total expenses	17,536,176	15,087,476
Increase in unrestricted net assets	2,362,308	1,877,703
Changes in temporarily restricted net assets (note 1 and note 10)		
Contributions from federal financial awards	6,614,948	6,203,527
Net assets released from restrictions	(6,357,390)	(6,299,513)
Increase (decrease) in temporarily restricted net assets	257,558	(95,986)
Increase in net assets	2,619,866	1,781,717
Net assets, beginning of year	16,903,720	14,736,973
Prior period adjustments	-	385,030
Net assets, beginning of year as restated	16,903,720	15,122,003
Net assets, end of year	$ 19,523,586	$ 16,903,720

See notes to financial statements

MIGRANT HEALTH CENTER WESTERN REGION, INC.

Statements of Cash Flows

	Years Ended February 29	
	2012	2011
Cash flows from operating activities		
Increase in net assets	$ 2,619,866	$ 1,781,717
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	441,848	290,245
Decrease in accounts receivable from third party payors	201,014	343,043
(Increase) decrese in accounts receivable from federal government	(168,494)	749,205
(Increase) decrease in accounts receivable from capitation fee	(21,064)	202,080
(Increase) in other receivable	(445,958)	(20,757)
(Increase) in inventories and other current assets	(84,865)	(23,381)
Decrease in prepaid expenses	463,956	168,117
(Increase) in other assets	(471,818)	-
Increase (decrease) in accounts payable and accrued expenses	474,586	(1,872)
(Decrease) in IBNR reserve	(309,399)	(213,388)
Total net adjustments	79,806	1,493,292
Net cash provided by operating activities	2,699,672	3,275,009
Cash flows from investing activities		
Acquisition of property and equipment	(1,939,345)	(2,273,400)
Disposition	547,809	-
Net cash (used in) investing activities	(1,391,536)	(2,273,400)
Cash flows from financing activities		
Repayment of obligation under capital lease	(706)	-
Net cash (used in) financing activities	(706)	-
Net increase in cash and cash equivalents	1,307,429	1,001,609
Cash and cash equivalents, beginning of year	6,644,641	5,643,032
Cash and cash equivalents, end of year	$ 7,952,070	$ 6,644,641
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES:		
Interest paid during the year	$ 549	$ -
Non-cash transaction motor vehicle acquired through obligations under capital lease	$ 18,531	$ -

See notes to financial statements

MIGRANT HEALTH CENTER WESTERN REGION, INC.

Notes to Financial Statements
February 29, 2012

Note 1 - Nature of organization and significant accounting policies

Nature of organization

Migrant Health Center Western Region, Inc. (the Center), is a non-for profit organization incorporated under the laws of the Commonwealth of Puerto Rico in July 24, 1986. The Center provides comprehensive preventive health care service to diverse urban, rural, and special populations (migrants and seasonal agricultural workers, Homeless, HIV/AIDS Patients) in western Puerto Rico. Services are provided through seven delivery sites including five health clinics located in the municipalities of Mayagüez, San Sebastian, Guánica, Lajas, Maricao and Isabela, two office-based satellites in Mayagüez, and a mobile unit.

Support and expenses

Contributions received are measured at their fair values and are reported as an increase in net assets. The Center reports contributions as restricted support if they are received with stipulations that limit the use of the contribution, or if they are designated as support for future periods. When a restriction expires, that is, when a stipulated time restriction ends or purpose restrictions is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activity as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period is reported as unrestricted support.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Net patient service revenue

The Center has agreements with third-party payors that provide for payments to the Center at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Health reform revenue

The Center has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to health reform subscribing participants. Under these agreements, the Center receives monthly capitation payments based on the number of each HMO's health reform participants, regardless of services actually performed by the Center. In addition, the HMOs make fee-for-service payments to the Center for certain covered services based upon discounted fee schedules.

MIGRANT HEALTH CENTER WESTERN REGION, INC.

Notes to Financial Statements (continued)
February 29, 2012

Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dated of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ form those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of cash held in checking and certificates of deposit with maturities of less than 90 days.

Bad debts

Bad debts are accounted for using the direct write-off method. The expense is recognized only when a specific account is determined to be uncollectible. The effect of using this method approximates those of the allowance method.

Inventories

Inventories of drugs and medicine and other supplies are stated at the lower of cost or market. Cost is determined on the first-in, first-out method. Market is determined at net realizable value.

IBNR (Incurred but not reported claims)

In prepaid health contracts, medical services expenses including drugs and medicines are recognized as they occur and not as they are reported to the Health Maintenance Organizations (HMOs). Under this basis of recognition, unpaid benefits are reported as incurred but not reported by the HMOs. The incurred but not reported claims are those benefits that have been provided but not have been yet paid. Unpaid claims are estimated based on historic data, trends and other statistical information.

Accounts receivable

The majority of the Center's health and the related support services are provided directly to patients by Center personnel or through a group of private service providers within the northwestern and southwestern areas. These services are provided to indigent or uninsured patients under federal grants programs, PR Governmental Health Reform, Medicare and other private medical plans, respectively.

The mix of receivables at February 29, 2012, was as follows:

Federal Grants Programs	81%
Medicare and Private Medical Plans	17%
PR Government Health Reform	2%
	100%

MIGRANT HEALTH CENTER WESTERN REGION, INC.

Notes to Financial Statements (continued)
February 29, 2012

Concentration of credit risk

Financial instruments which may potentially expose the Center to concentration of credit risk consist principally of cash deposits, and accounts receivable. Management believes that the expose has no significant concentration of credit risk since cash with respect to accounts receivable is limited due to the large number of medical plans or institutions comprising the Center's customer base.

Property and equipment are carried at cost less depreciation. Equipments under capital lease are stated at the present value of the minimum lease payments at the inception of the lease. Depreciation and amortization is computed by the straight-line method. The estimated useful lives to be used to compute depreciation and amortizations are as follows:

Building and improvements	20 to 40 years
Medical and dental equipment	10 to 20 years
Office furniture and equipment	8 to 20 years
Equipment and motor vehicle under capital leases	5 to 20 years
Vehicles	5 years

The Center follows the capitalization policy of the federal government which considers as property and equipment tangible nonexpendable property, including exempt property having a useful live of more than one year and an acquisition cost of $5,000 or more per unit.

Income taxes

The center is a nonprofit corporation whose revenue derived from contributions and other activities and is not subject to federal and state income taxes.

Temporarily restricted net assets

Temporarily restricted net assets are those whose use by the Center has been limited by federal grants to a specific time period or purpose.

Note 2 - Accounts receivable from federal grants contracts

CFDA Grants receivable contracts as of February 29 and 28 consist of:

	2012	2011
HHS grant PHS-section 330, cluster programs	$ 4,489,907	$ 4,007,673
Immunization program	5,391	11,950
Rural Healthcare services	56,923	44,953
ARRA-CIP (Amerrican Recovery Reinvestment Act)	45,385	499,072
HIV financial assistance	483,204	303,065
YP financial assistance	-	72,646
CM financial assistance	148,292	139,858
CDC (Center for Deseas Control) financial assistance	97,093	78,483
	$ 5,326,195	$ 5,157,701

MIGRANT HEALTH CENTER WESTERN REGION, INC.

Notes to Financial Statements (continued)
February 29, 2012

Note 3 - Property and equipment

A summary of property and equipment at February 29 and 28 follows:

	2012	2011
Buildings and building improvements	$ 5,485,037	$ 3,705,356
Furniture and equipment	1,347,676	953,587
Vehicles	835,258	695,503
Equipment under capital leases	-	125,116
Donated equipment	-	35,019
Software	-	28,825
	7,667,971	5,543,406
Less: accumulated depreciation and amortization	3,133,698	2,427,939
	4,534,273	3,115,467
Land	1,262,403	1,470,765
Construction in progress over construction contracts, if any	468,191	710,416
	$ 6,264,867	$ 5,296,648

Note 4 - Obligation under capital lease

Obligation under capital lease consists as follows:	2012	2011
Lease obligation payable in monthly installments through 2016 with an annual interest rate of 5.75%	$ 17,825	$ -
Less: current portion of such obligations	2,344	-
Long-term portion	$ 15,481	$ -

The following is a schedule, by year, of the future minimum payments under this lease, together with the present value of the net minimum payments as of February 29, 2012:

Year Ending February 29,	Amount
2013	$ 3,764
2014	3,764
2015	3,764
2016	3,764
2017	6,509
Total minimum lease payments	21,566
Less: amount representing interest	3,741
Total present value of minimum payments	$ 17,825

MIGRANT HEALTH CENTER WESTERN REGION, INC.

Notes to Financial Statements (continued)
February 29, 2012

Total cost of the property under capital leases amounted to $18,531 and the accumulated amortization was $3,336 as of February 29, 2012.

Note 5 - Pension plan

The Center provides its employees with a 401 (k) profit sharing plan. The Plan meets the requirements of sections 1165 (a) of the Puerto Rico Internal Revenue Code of 1994, as amended.

The Plan provides benefits in the event of death or disability or in the event of termination of employment prior to normal retirement. Under this plan, there is no fixed dollar amount of retirement benefits. Actual retirement benefit will depend on the amount of employee account balance at the time of retirement. The employee account balance will reflect the annual allocations, the period of time the employee participate in the plan and the success of the Plan in investing and reinvesting the assets of the trust fund.

Note 6 - Commitments

The Center is obligated under the terms and conditions of certain lease agreements for facilities accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in Center's accounts. Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of February 29, 2012 is $24,000.

Note 7 - Risks and uncertainties

The Center's operations are in part dependent on Federal and State governmental funding. Significant changes in the level of government funding could have a favorable or unfavorable impact on the operating results of the Center.

Note 8 - Fair values of financial instruments

The following methods and assumptions were used to estimate the fair value of financial instruments:

Cash and cash equivalents: The carrying amount reported in the statement of financial position for cash and cash equivalents approximates its fair values.

Accounts receivable and accounts payable: The carrying amount of accounts receivables and accounts payable in the statement of financial position approximates fair value.

MIGRANT HEALTH CENTER WESTERN REGION, INC.

Notes to Financial Statements (continued)
February 29, 2012

Note 9 - Prior period adjustments

The beginning net asset at March 1, 2010 has been restated by the Center due to the correction of an understatement in net assets due to revenue not recognized on prior year for $385,030.

Note 10 - Temporarily restricted net assets

Temporarily restricted net assets are available for the following purpose at February 29 and 28:

	2012	2011
Community health centers - 330 cluster	$ 4,486,209	$ 4,310,969
HIV Financial assitance	483,204	243,015
YP Financial assistance	-	50,421
Rural health care services outreach program	60,620	87,329
Capital improvement increased demand service to health centers	45,385	509,682
CM Financial assistance	148,292	132,474
CDC Financial assistance	97,093	80,050
	$ 5,320,804	$ 5,413,940

MIGRANT HEALTH CENTER WESTERN REGION, INC.

Notes to Financial Statements (continued)
February 29, 2012

Note 11 - Functional expenses by federal funds programs and non-federal funds program and other services

Year Ended February 29, 2012

	Federal Funds							Non-Federal Funds Program	
	Community Health Centers 330 Cluster	Capital Improvement Increased Demand Service to Health Centers	Out Patient Earlier Intervention (Respect to HIV Disease)	Aids Education & Training Center (Respect to HIV Disease)	Rural Health Care Services Outreach Program	HIV Prevention Activities For Community Based Organizations	HIV Prevention Activities Non Governmental Organization Based	Health Reform and Private Patients	Total All Funds
Salaries and wages	$ 2,198,913	$ 12,645	$ 407,229	$ 23,332	$ 4,000	$ 209,281	$ 122,837	3,278,768	$ 6,257,005
Fringe Benefits	831,276	-	81,310	1,460	1,548	40,853	32,727	1,882,757	2,871,930
Consultant and Contractual	123,434	-	65,606	-	95,857	-	1,928	578,613	865,439
Drugs and medicines	1,191,677	-	710,691	-	-	-	-	263,864	2,166,233
Health reform	-	-	-	-	-	-	-	1,165,289	1,165,289
Supplies	238,540	9,501	58,275	355	1,400	27,308	24,884	855,468	1,215,731
Depreciation	67,918	43,569	3,155	-	-	3,336	-	323,870	441,848
Rent	-	-	7,000	-	-	18,218	9,800	20,400	55,418
Insurance	6,278	-	-	-	-	-	-	61,757	68,035
Travel	11	-	18,604	-	-	1,555	5,540	22,526	48,236
Interest and bank charges	-	-	-	-	-	549	-	22,191	22,739
IBNR expense	-	-	-	-	-	-	-	161,975	161,975
Other expense	198,926	-	5,107	-	1,358	8,878	12,343	1,969,687	2,196,297
Total Functional Expenses	$ 4,856,973	$ 65,715	$ 1,356,977	$ 25,147	$ 104,163	$ 309,978	$ 210,059	$ 10,607,165	$ 17,536,176

MIGRANT HEALTH CENTER WESTERN REGION, INC.

Notes to Financial Statements (continued)
February 29, 2012

Year Ended February 28, 2011

	Federal Funds Program							Non-Federal Funds	
	Community Health Centers 330 Cluster	Capital Improvement Increased Demand Service to Health Centers	Out Patient Earlier Intervention (Respect to HIV Disease)	Aids Education & Training Center (Respect to HIV Disease)	Rural Health Care Services Outreach Program	HIV Prevention Activities For Community Based Organizations	HIV Prevention Activities Non Governmental Organization Based	Health Reform and Private Patients	Total All Funds
Salaries and wages	$ 2,205,998	$ 144,093	$ 210,031	$ 30,932	$ 5,500	$ 104,813	$ 133,591	$2,826,123	$ 5,661,081
Fringe benefits	671,035	21,217	61,610	-	-	20,622	32,439	930,456	1,737,379
Consultant & contractual	91,076	-	-	-	94,075	-	231	458,886	644,268
Drugs and medicines	985,317	-	401,092	-	-	-	14,835	929,010	2,330,254
Health reform	-	-	-	-	-	-	-	2,659,149	2,659,149
Supplies	251,507	19,631	1,808	11,456	-	32,090	4,957	540,557	862,006
Depreciation	-	-	-	-	-	-	-	290,246	290,246
Rent	9,150	-	-	7,144	-	-	9,700	27,391	53,385
Insurance	44,629	-	-	-	5,377	-	-	4,147	54,153
Travel	32,620	-	4,616	-	-	13,780	7,477	48,401	106,894
Interest and bank charges	-	-	-	-	-	-	-	18,474	18,474
IBNR expense	-	-	-	-	-	-	-	-	-
Other expense	109,532	-	3,395	47	25	12,058	13,548	531,582	670,187
Total Functional Expenses	$ 4,400,864	$ 184,941	$ 682,552	$ 49,579	$ 104,977	$ 183,363	$ 216,778	$ 9,264,422	$ 15,087,476

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 Trustees
Migrant Health Center Western Region, Inc.
Mayagüez, Puerto Rico

We have audited the financial statements of Migrant Health Center Western Region, Inc. (the Center) as of and for the year ended February 29, 2012, and have issued our report thereon dated August 3, 2012. We conducted our audits 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting as a basis for designing our auditing procedures 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 Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over financial reporting.

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 Center's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

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Board of Trustees
Migrant Health Center Western Region, Inc.
Mayagüez, Puerto Rico
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Compliance and Other Matters

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

This report is intended solely for the information and the use of management, the Center's Board of Directors, other within the Center, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

PKF Torres Lamport, Díaz Ruiz, LLC

License No. 10
Expires on December 1, 2014

Stamp number E42819 was affixed
to the original of this report.
August 3, 2012

Accountants &
business advisers

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Migrant Health Center Western Region, Inc.
Mayaguez, Puerto Rico

Compliance

We have audited Migrant Health Center Western Region, Inc. the Center's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended February 29, 2012. The Center's major federal programs are 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 each of its major federal programs is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Center'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. Our audit does not provide a legal determination of the Center's compliance with those requirements.

In our opinion, the Center's complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended February 29, 2012.

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Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Center'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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.

The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is 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 our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

PKF

Accountants &
business advisers

Board of Trustees
Migrant Health Center Western Region, Inc.
Mayaguez, Puerto Rico
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This report is intended solely for the information and the use of management, the Center's Board of Directors, others within the entity, and federal awarding agencies, and is not intended to be and should not be used by anyone other than these specified parties.

PKF Torres Lampert, Sánchez Ruiz, LLC

License No. 10
Expires on December 1, 2014

Stamp number E42820 was affixed
to the original of this report.
August 3, 2012

MIGRANT HEALTH CENTER
WESTERN REGION, INC.

Schedule of Expenditures of Federal Awards
Year Ended February 29, 2012

Federal Grantor	Federal Program	Federal CFDA Number	Expenditures
US Department of Health and Human Services	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	$ 4,856,974
US Department of Health and Human Services	ARRA – Grants to Health Center Programs	93.703	65,715
US Department of Health and Human Services	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	1,356,978
US Department of Health and Human Services	HIV Prevention Activities Non-Governmental Organization Based	93.939	520,036
US Department of Health and Human Services	Rural Health Care Services Outreach Rural Health Network Development and Small Health Care Provider Quality Improvement Grant Program	93.912	104,162
US Department of Health and Human Services	AIDS Education and Training Centers	93.145	25,137
			$ 6,929,002

See notes to schedule of expenditures of federal awards

MIGRANT HEALTH CENTER
WESTERN REGION, INC.

Notes to the Schedule of Expenditures of Federal Awards
Year Ended February 29, 2012

Note 1 - General

The accompanying schedule of expenditures of federal awards presents the expenditures, for the year ended February 29, 2012, of all the federally assisted programs of Migrant Health Center Western Region, Inc.

Note 2 - Accounting basis

The schedule was prepared following the accrual basis of accounting, which is further explained in note 1 of the financial statements of Migrant Health Center Western Region, Inc. for the fiscal year ended February 29, 2012.

Note 3 - Consolidated health centers cluster composition

The composition of the Cluster as it follows:

	Award Number	Former Grant Number
Community Health Center	H80CS00620C0	2 H80CS00620-09-00 H80CS00620
Migrant Health Center	H80CS00620C0	2 H80CS00620-09-00 H80CS00620
Health Care for the Homeless	H80CS00620C0	2 H80CS00620-09-00 H80CS00620

MIGRANT HEALTH CENTER
WESTERN REGION, INC.

Schedule of Findings and Questioned Costs
Fiscal Year Ended February 29, 2012

Section 1 - Summary of Auditor's Results:

Financial Statements:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
1. Material weakness identified?	No
2. Significant deficiency (is) identified that are not considered to be material weakness?	No
3. Noncompliance material to financial statements noted?	No

Federal awards:

Internal control over major programs:	
1. Material weakness(es) identified?	No
2. Significant deficiency(ies) that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major program?	Unqualified
Any audit findings disclosed that are Required to be reported in accordance with Circular A-133, Section .510 (a)?	No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.224	Consolidated Health Centers Cluster (Migrant Health Centers, Community Health Centers, and Health Centers for the Homeless)
93.918	Grants to Provide Outpatient Early Intervention Service with respect to HIV disease
93.703	ARRA – Grants to Health Center Programs
93.939	HIV Prevention Activities Non-Governmental Organization Based

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as a low-risk auditee?	No

MIGRANT HEALTH CENTER
WESTERN REGION, INC.

Schedule of Findings and Questioned Costs
Fiscal Year Ended February 29, 2012

Section 2 - Financial Statements Findings:

No audit findings came to our attention that are required to be reported

MIGRANT HEALTH CENTER
WESTERN REGION, INC.

Schedule of Findings and Questioned Costs
Fiscal Year Ended February 29, 2012

Section 3 - Federal Awards Findings:

No audit findings came to our attention that are required to be reported

MIGRANT HEALTH CENTER
WESTERN REGION, INC.

Independent Auditors' Conclusion on the
Summary Schedule of Prior Audit Findings
Fiscal Year Ended February 29, 2012

As part of the Center single audit, we are required to follow up on prior year audit findings and performed procedures to assess the reasonableness of the Summary Schedule of Prior Audit Findings.

No prior year audit findings to follow up.