

FLORIDA HEALTH CHOICES, INC.

FINANCIAL STATEMENTS



For the Years Ended December 31, 2014 and 2013

CARROLL and COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Florida Health Choices, Inc.
Tallahassee, Florida

We have reviewed the accompanying statements of financial position of Florida Health Choices, Inc. (a nonprofit organization) (the Organization) as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Carroll and Company

March 12, 2015

FLORIDA HEALTH CHOICES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

ASSETS

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 881,819	\$ 388,449
Certificate of deposit	100,100	-0-
Grant receivable	<u>-0-</u>	<u>225,000</u>
TOTAL ASSETS	<u>\$ 981,919</u>	<u>\$ 613,449</u>

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable and accrued liabilities	\$ <u>27,001</u>	\$ <u>24,536</u>
TOTAL LIABILITIES	<u>27,001</u>	<u>24,536</u>
NET ASSETS		
Unrestricted	648,662	265,812
Temporarily restricted	<u>306,256</u>	<u>323,101</u>
TOTAL NET ASSETS	<u>954,918</u>	<u>588,913</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 981,919</u>	<u>\$ 613,449</u>

*See accompanying notes and independent
accountant's review report.*

FLORIDA HEALTH CHOICES, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2014 and 2013

2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grant revenue	\$ 143,744	\$ 306,256	\$ 450,000
Other income	382,170	-0-	382,170
Interest income	680	-0-	680
Net assets released from restriction	<u>323,101</u>	<u>(323,101)</u>	<u>-0-</u>
 TOTAL SUPPORT AND REVENUE	 <u>849,695</u>	 <u>(16,845)</u>	 <u>832,850</u>
 EXPENSES			
Payroll expenses	260,366	-0-	260,366
Marketing and outreach	85,863	-0-	85,863
Professional services	68,704	-0-	68,704
Occupancy	24,625	-0-	24,625
Travel	11,689	-0-	11,689
Telephone	5,377	-0-	5,377
Miscellaneous	5,078	-0-	5,078
Insurance	3,874	-0-	3,874
Conferences and meetings	<u>1,269</u>	<u>-0-</u>	<u>1,269</u>
 TOTAL EXPENSES	 <u>466,845</u>	 <u>-0-</u>	 <u>466,845</u>
 CHANGE IN NET ASSETS	 382,850	 (16,845)	 366,005
 NET ASSETS, BEGINNING OF YEAR	 <u>265,812</u>	 <u>323,101</u>	 <u>588,913</u>
 NET ASSETS, END OF YEAR	 <u>\$ 648,662</u>	 <u>\$ 306,256</u>	 <u>\$ 954,918</u>

*See accompanying notes and independent
accountant's review report.*

FLORIDA HEALTH CHOICES, INC.
STATEMENTS OF ACTIVITIES (CONTINUED)
For the Years Ended December 31, 2014 and 2013

2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Grant revenue	\$ 126,899	\$ 323,101	\$ 450,000
Interest income	289	-0-	289
Other income	215	-0-	215
Net assets released from restriction	<u>249,805</u>	<u>(249,805)</u>	<u>-0-</u>
 TOTAL SUPPORT AND REVENUE	 <u>377,208</u>	 <u>73,296</u>	 <u>450,504</u>
EXPENSES			
Payroll expenses	234,585	-0-	234,585
Professional services	64,398	-0-	64,398
Marketing and outreach	29,360	-0-	29,360
Occupancy	22,999	-0-	22,999
Conferences and meetings	11,542	-0-	11,542
Telephone	5,953	-0-	5,953
Miscellaneous	4,095	-0-	4,095
Insurance	<u>3,772</u>	<u>-0-</u>	<u>3,772</u>
 TOTAL EXPENSES	 <u>376,704</u>	 <u>-0-</u>	 <u>376,704</u>
 CHANGE IN NET ASSETS	 504	 73,296	 73,800
 NET ASSETS, BEGINNING OF YEAR	 <u>265,308</u>	 <u>249,805</u>	 <u>515,113</u>
 NET ASSETS, END OF YEAR	 <u>\$ 265,812</u>	 <u>\$ 323,101</u>	 <u>\$ 588,913</u>

*See accompanying notes and independent
accountant's review report.*

FLORIDA HEALTH CHOICES, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 366,005	\$ 73,800
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Income reinvested	(100)	-0-
Decrease (increase) in grant receivable	225,000	(225,000)
Increase in accounts payable and accrued liabilities	<u>2,465</u>	<u>974</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>593,370</u>	<u>(150,226)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of certificate of deposit	<u>(100,000)</u>	<u>-0-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	493,370	(150,226)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>388,449</u>	<u>538,675</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 881,819</u>	<u>\$ 388,449</u>

See accompanying notes and independent accountant's review report.

FLORIDA HEALTH CHOICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Nature of the Organization

In 2008, Florida Health Choices, Inc. (the Organization) was established by Florida Statute 408.910 to administer the Florida Health Choices Program to expand opportunities for Floridians to purchase affordable health insurance and health services. The Organization acts as a health insurance marketplace for insurance providers to make health insurance and other health products available to public and private employers and individuals.

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no permanently restricted net assets as of December 31, 2014 and 2013.

Functional Allocation of Expenses

The following represents the functional allocation of expenses for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Program services	\$ 239,793	\$ -0-
Management and general	<u>227,052</u>	<u>376,704</u>
	<u>\$ 466,845</u>	<u>\$ 376,704</u>

Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all unrestricted highly liquid investments and money market mutual funds with a maturity of three months or less when purchased to be cash equivalents.

FLORIDA HEALTH CHOICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2014

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certificate of Deposit

As of December 31, 2014, the Organization held a certificate of deposit maturing in April 2015.

Restricted and Unrestricted Support and Revenue

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If donor-imposed restrictions are met in the year in which the contribution is received, the contribution is reported as unrestricted support.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been recorded.

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 certain reported amounts and disclosures. Actual results may differ from those estimates.

NOTE B – FAIR VALUE MEASUREMENTS

The Organization follows the provisions of the Financial Accounting Standards Board's Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements.

FLORIDA HEALTH CHOICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2014

NOTE B – FAIR VALUE MEASUREMENTS (Continued)

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (or exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. These include quoted prices of similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table presents the financial instruments carried at fair value as of December 31, 2014:

	Level 1	Level 2	Level 3	Total
Certificate of deposit	\$ 100,100	–	–	\$ 100,100

The fair value of financial instruments including cash and cash equivalents, grant receivable, and accounts payable and accrued liabilities approximates carrying value, principally because of the short maturity of those items.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date.

NOTE C – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2014 and 2013 are available for administration of the Florida Health Choices Program, as specified in Section 408.910, Florida Statutes.

FLORIDA HEALTH CHOICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2014

NOTE D – COMMITMENTS

In May 2012, the Organization entered into a contract with a third party administrator to provide services to facilitate the purchase of health care products by eligible participants. The initial contract term is May 2012 through May 2017, with an optional two-year extension. In June 2014, the parties mutually agreed to terminate the contract, and the Organization received a separation payment, which is included in other income in the accompanying statement of activities for the year ended December 31, 2014.

In July 2012, the Organization entered into a contract with a third party to provide project management services. The initial term of the contract was from July 2012 to July 2014 and was extended for one year. Amounts to be paid under this contract will vary based on the level of services provided.

In December 2012, the Organization entered into a contract with a third party to provide marketing and public relations services. The initial term of the contract is January 2013 through December 2014, with an optional one-year extension. The contract amount will not exceed \$160,000.

In December 2013, the Organization entered into a contract with a third party to provide platform and third party administration services. This agreement is in effect from December 2013 through December 2015, and may be extended for two additional two-year periods. Amounts to be paid under this contract will vary with enrollment.

In October 2014, the Organization entered into a contract with a third party to provide third party administration services. This agreement is in effect from October 2014 through October 2017, and may be extended by mutual consent of both parties. Amounts to be paid under this contract will vary with enrollment.

In December 2014, the Organization entered into a contract with a third party to provide public relations services. The initial term of the contract is December 2014 through February 2015, with an optional one-year extension. The contract amount will not exceed \$90,000.

NOTE E – RETIREMENT PLAN

The Organization sponsors a SEP-IRA plan (the Plan) for employees who meet certain eligibility requirements. The Organization contributes fifteen percent (15 %) of each eligible employee's compensation. The Organization's contributions to the Plan for the years ended December 31, 2014 and 2013 totaled \$27,150 and \$26,697, respectively.

FLORIDA HEALTH CHOICES, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2014

NOTE F – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at various financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution as of December 31, 2014 and 2013. The Organization’s uninsured cash balances as of December 31, 2014 and 2013 totaled \$-0- and \$22,244, respectively.

NOTE G – LEASE COMMITMENT

The Organization leases office space under a non-cancelable agreement terminating in October 2017. Future minimum rental payments under this lease as of December 31, 2014 are as follows:

Year Ending December 31	
2015	\$ 25,650
2016	25,650
2017	21,375
TOTAL	\$ 72,675

Rent expense under this lease was \$24,030 for the year ended December 31, 2014.

NOTE H – UNCERTAIN TAX POSITIONS

Management is not aware of any activities that would jeopardize the Organization’s tax-exempt status, and believes it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the years ended December 31, 2014 and 2013.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for years ending prior to December 31, 2011.

NOTE I – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 12, 2015, the date which the financial statements were available to be issued.