

**FLORIDA HEALTH CHOICES, INC.**

**FINANCIAL STATEMENTS**



**For the Year Ended December 31, 2009**

**CARROLL and COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**CARROLL and COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**ACCOUNTANT'S REPORT ON FINANCIAL STATEMENTS**

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

We have reviewed the accompanying statement of financial position of the Florida Health Choices, Inc. (a nonprofit organization) as of December 31, 2009, and the related statements of activities and cash flows for the year then ended, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Florida Health Choices, Inc.

A review consists principally of inquiries of organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, 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 generally accepted accounting principles.

*Carroll and Company*

July 1, 2010

**FLORIDA HEALTH CHOICES, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2009**

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***ASSETS***

ASSETS	
Cash	\$ 534,365
Certificate of deposit	<u>150,000</u>
TOTAL ASSETS	<u>\$ 684,365</u>

***LIABILITIES AND NET ASSETS***

LIABILITIES	
Accounts payable	<u>\$ 3,750</u>
TOTAL LIABILITIES	<u>3,750</u>
NET ASSETS	
Unrestricted	100
Temporarily restricted	<u>680,515</u>
TOTAL NET ASSETS	<u>680,615</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 684,365</u>

**FLORIDA HEALTH CHOICES, INC.**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Grants	\$ 70,394	\$ 679,602	\$ 749,996
In-kind contributions	37,555	-0-	37,555
Other income	<u>100</u>	<u>913</u>	<u>1,013</u>
 TOTAL SUPPORT AND REVENUE	 <u>108,049</u>	 <u>680,515</u>	 <u>788,564</u>
<b>EXPENSES</b>			
Professional services	85,116	-0-	85,116
Travel	10,234	-0-	10,234
Insurance	3,712	-0-	3,712
Occupancy	3,500	-0-	3,500
Supplies	2,402	-0-	2,402
Advertising	1,175	-0-	1,175
Printing and postage	808	-0-	808
Telephone	521	-0-	521
Miscellaneous	<u>481</u>	<u>-0-</u>	<u>481</u>
 TOTAL EXPENSES	 <u>107,949</u>	 <u>-0-</u>	 <u>107,949</u>
 CHANGE IN NET ASSETS	 100	 680,515	 680,615
 NET ASSETS, BEGINNING OF YEAR	 <u>-0-</u>	 <u>-0-</u>	 <u>-0-</u>
 NET ASSETS, END OF YEAR	 <u>\$ 100</u>	 <u>\$ 680,515</u>	 <u>\$ 680,615</u>

**FLORIDA HEALTH CHOICES, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended December 31, 2009**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 680,615
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Increase in accounts payable	<u>3,750</u>
	<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b> 684,365
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	<u>(150,000)</u>
	<b>NET INCREASE IN CASH</b> <u>534,365</u>
	<b>CASH, BEGINNING OF YEAR</b> <u>-0-</u>
	<b>CASH, END OF YEAR</b> <u>\$ 534,365</u>

**FLORIDA HEALTH CHOICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2009**

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**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 an exchange 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, 2009.

***Functional Allocation of Expenses***

The following represents the functional allocation of expenses for the year ended December 31, 2009:

Program services	\$ -0-
Management and general	<u>107,949</u>
	<u>\$ 107,949</u>

***Cash Equivalents***

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

**FLORIDA HEALTH CHOICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2009**

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***NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

***Certificate of Deposit***

As of December 31, 2009, the Organization holds a certificate of deposit maturing in 2010. Its fair market value is equal to its cost.

***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 statement 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.

***In-kind Contributions***

During the year ended December 31, 2009, the Organization received donated professional services of approximately \$34,055 and donated office space of approximately \$3,500, which met the criteria for recognition in accordance with accounting principles generally accepted in the United States of America, and are therefore reflected in the accompanying statement of activities.

***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.

***Advertising***

Advertising costs are expensed as incurred. Total advertising expense for the year ended December 31, 2009 was \$1,175.

***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.



**FLORIDA HEALTH CHOICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2009**

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**NOTE B – CONCENTRATION OF CREDIT RISK**

During the year ended December 31, 2009, approximately ninety-five percent (95%) of the Organization’s operating revenues were State of Florida appropriations.

**NOTE C – FAIR VALUE MEASUREMENTS**

The Organization adopted the Financial Accounting Standards Board’s Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC 820) as of January 1, 2009. 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.

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 instrument carried at fair value as of December 31, 2009:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Certificate of deposit	–	\$ 150,000	–	\$ 150,000

**FLORIDA HEALTH CHOICES, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**December 31, 2009**

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**NOTE C – FAIR VALUE MEASUREMENTS (Continued)**

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

**NOTE D – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of December 31, 2009 are available for administration of the Florida Health Choices Program, as specified in Section 408.910, Florida Statutes.

**NOTE E – UNCERTAIN TAX POSITIONS**

The Financial Accounting Standards Board has issued updated standards that clarify generally accepted accounting principles for the recognition, measurement, presentation, and disclosure related to uncertain tax provisions. The Organization has applied these new standards in the preparation of the financial statements as of and for the year ended December 31, 2009. The adoption of the new standards had no material effect on the Foundation's financial position, changes in net assets, or cash flows.

**NOTE F – SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through July 1, 2010, the date which the financial statements were available to be issued.