

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
FLORIDA HEALTH MAINTENANCE ORGANIZATION
CONSUMER ASSISTANCE PLAN
TALLAHASSEE, FLORIDA
DECEMBER 31, 2015 and 2014

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Independent Auditor's Report

To the Board of Directors
Florida Health Maintenance Organization
Consumer Assistance Plan
Tallahassee, Florida

We have audited the accompanying financial statements of Florida Health Maintenance Organization Consumer Assistance Plan (the Plan), a nonprofit organization, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 auditor's 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 entity'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 entity'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 above present fairly, in all material respects, the financial position of the Plan as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moran & Smith LLP

Moran & Smith LLP

Quincy, Florida

March 21, 2016

Statement of Financial Position
December 31, 2015 and 2014
Florida Health Maintenance Organization
Consumer Assistance Plan
Tallahassee, Florida

Assets	2015	2014
Cash and Cash Equivalents	\$ 64,641	\$ 14,949
Investments	9,074,730	8,977,276
Accrued Interest Receivable	13,597	15,575
Total Assets	9,152,968	9,007,800
Liabilities		
Accounts Payable	5,500	5,000
Total Liabilities	5,500	5,000
Unrestricted Net Assets	9,147,468	9,002,800
Total Liabilities and Unrestricted Net Assets	\$ 9,152,968	\$ 9,007,800

See accompanying notes to financial statements.

Statement of Activities and Changes in Net Assets
For the year ended December 31, 2015 and 2014
Florida Health Maintenance Organization
Consumer Assistance Plan
Tallahassee, Florida

Changes in Unrestricted Net Assets	2015	2014
Support and Revenue		
Assessment Revenue	\$ 125,000	\$ 25,000
Interest Income	95,477	78,882
Total Support and Revenue	220,477	103,882
Expenses		
General Operating:		
Contract Services-Management and Legal	64,586	60,150
Accounting and Auditing	6,500	9,265
Administrative	4,723	4,558
Total Expenses	75,809	73,973
Increase in Unrestricted Net Assets	144,668	29,909
Unrestricted Net Assets, Beginning of Year	9,002,800	8,972,891
Unrestricted Net Assets, End of Year	\$ 9,147,468	\$ 9,002,800

See accompanying notes to financial statements.

Statement of Cash Flows
December 31, 2015 and 2014
Florida Health Maintenance Organization
Consumer Assistance Plan
Tallahassee, Florida

	2015	2014
Cash Flows from Operating Activities		
Increase (Decrease) in Unrestricted Assets	\$ 144,668	\$ 29,909
Adjustments:		
Investment Income Reinvested	(97,455)	(45,227)
(Increase) in Accrued Interest Receivable	(1,978)	(4,138)
Increase (Decrease) in Accounts Payable	500	(13,421)
Total Adjustments	(94,976)	(62,786)
Net Cash Provided by (Used in) Operating Activities	49,692	(32,877)
Cash Flows from Investing Activities		
Sale of Investments	2,125,000	6,229,532
Purchase of Investments	(2,125,000)	(6,229,050)
Net Cash Provided by (Used in) Investing Activities	0	482
Net Increase (Decrease) in Cash and Cash Equivalents	49,692	(32,395)
Cash and Cash Equivalents, Beginning of Year	14,949	47,344
Cash and Cash Equivalents, End of Year	\$ 64,641	\$ 14,949

See accompanying notes to financial statements.

Notes to Financial Statements
Florida Health Maintenance Organization
Consumer Assistance Plan
December 31, 2015 and 2014

Note 1 - Reporting Entity

Legal Entity

Florida Health Maintenance Organization Consumer Assistance Plan (the Plan) is a nonprofit legal entity created by Florida Statute 631.811-631.828. All Florida Health Maintenance Organizations (HMOs) possessing a valid certificate of authority issued by the Florida Office of Insurance Regulation pursuant to Part I of Chapter 641, shall be and must remain members of the Plan as a condition of their authority to transact business in the State of Florida as an HMO. The Plan performs its functions under the Plan of Operation established and approved under the provisions of the Florida Statutes and shall exercise its powers through a Board of Directors established by Florida Statutes. The Plan comes under the immediate supervision of the Florida Department of Financial Services (the Department). The primary purpose of the Plan is to protect the subscribers of HMOs, subject to certain limitations, against failure of an HMO to perform its contractual obligations due to its insolvency. In order to complete its primary purpose, the Plan is granted certain powers and duties as outlined in the Florida Statutes.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accounting policies of the Plan conform to Generally Accepted Accounting Principles (GAAP) as applied to nonprofit organizations using the accrual basis of accounting.

Use of Estimates

The Preparation of the financial statements in accordance with Generally Accepted Accounting Principles (GAAP) 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.

Cash and Cash Equivalents

Cash and cash equivalents on the accompanying statements of financial position include cash in demand deposits. During the course of business, the Plan periodically maintains cash balances in excess of federally insured limits. Management does not consider this risk to be significant.

Notes to Financial Statements
Florida Health Maintenance Organization
Consumer Assistance Plan
December 31, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies *(Continued)*

Investments

Investments consist of a money market account, certificates of deposit with various financial institutions and an investment in the Treasurer's special purpose investment account managed by the State of Florida, Division of Treasury. These Investments have readily determinable market values. In accordance with SFAS Statement No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations, investments in all securities are reported at fair value.

Receivables

There were no receivables on the books at year end.

Accrued Interest Receivable

The Plan records all the accrued interest for the December earnings at the end of the year.

Fixed Assets

The Plan does not own any fixed assets.

Accountants Payable

Accounts payable consists of normal trade payables for administrative expenses.

Distributions Received

The Plan did not receive any distributions from previous insolvencies in the 2015 or 2014 year.

Market Risk

The primary purpose of the Plan is to protect the subscribers of Florida HMOs, subject to certain limitations, against failure of a Florida HMO to perform its contractual obligations due to its insolvency. Therefore, adverse economic changes, or certain changes in the insurance laws of the State of Florida could have a significant impact on the Plan's future financial position and results of operations.

Concentration of Credit Risk

Financial instruments that potentially subject the Plan to concentrations of credit risk consist principally of cash and cash equivalents, and investments. The Plan's cash management and investment policies restrict investments by type, credit and issuer, and the Plan performs periodic evaluations of the credit standing of the financial institutions with which it deals. Management believes the Plan had no significant concentrations of credit risk other than those disclosed in Note 3.

Notes to Financial Statements
Florida Health Maintenance Organization
Consumer Assistance Plan
December 31, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (Concluded)

Donated Services

The Plan operates with a Board of Directors who volunteer their services; however, because no objective basis is available to measure the value of these services, no amounts are reflected in the financial statements for the Board of Directors' services.

Income Taxes

The Plan is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(6). Effective as of the beginning of the fiscal year ending May 31, 2010, the Plan adopted the provisions of FASB interpretation (FIN) No 48 "Accounting for Uncertainty in Income Taxes" as a result of the implementation of FIN 48, the Plan has determined that it has no uncertain tax positions requiring accrual and disclosure. The Plan's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2013, 2014, and 2015 are subject to examination by the IRS, generally for the three years after the filing date.

Subsequent Events

Subsequent Events have been evaluated through the date of the independent auditors' report.

Note 3 - Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents consist of demand deposits held with a financial institution. Investments consist of a highly liquid money market fund, certificates of deposit and an investment in the Treasurer's special purpose investment account managed by the State of Florida, Division of Treasury.

The Plan's invested assets are governed by an investment policy. Generally this policy will govern the investment of funds and surplus.

	<u>2015</u>	<u>2014</u>
Wells Fargo Money Market	\$ 391,843	\$ 248,590
Certificates of Deposit	131,150	128,569
Wells Fargo Brokered CD Account	4,875,000	4,975,000
SPIA	3,676,737	3,625,117
Total Investments	<u>\$ 9,074,730</u>	<u>\$ 8,977,276</u>
Accrued Interest Income	<u>\$ 13,597</u>	<u>\$ 15,575</u>

Notes to Financial Statements
Florida Health Maintenance Organization
Consumer Assistance Plan
December 31, 2015 and 2014

Note 3 - Cash, Cash Equivalents, and Investments (Continued)

Credit Risk Disclosure - Credit risk exists when there is a possibility the issuer or other counterparty to an investment may be unable to fulfill its obligations. The amounts with Wells Fargo Money Market are in excess of federal deposit insurance limits.

Custodial Risk Credit - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan had no investments with custodial credit risk as of December 31, 2015 and 2014, respectively. All investments were held by the Plan or its agent in the Plan's name.

Concentration of Credit Risk – An increased risk of loss occurs as more investments are acquired from one issuer which results in a concentration of credit risk. The Plan had \$3,676,737 and \$3,625,117 invested at the Treasurer's special purpose investment account managed by the State of Florida, Division of Treasury at December 31, 2015 and 2014, respectively.

Interest Rate Risk – Interest rate risk exists when there is a possibility that changes in interest rates could adversely affect an investment's fair value. The Plan measures this risk by using the weighted average maturity method. This policy takes interest rate reset dates, primarily related to certificates of deposit.

Foreign Currency Risk – The Plan had no investments with foreign currency risk at December 31, 2015 and 2014, respectively. All investments are settled in U.S. dollars.

Fair Value Measurement of Financial Instruments

The Fair Value Measurements topic of the FASB Accounting Standards Codification defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. The Plan measures the fair value of assets and liabilities as the prices that would be received to sell an asset or paid to transfer a liability in the principal in the most advantageous market in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between independent observable inputs and unobservable inputs used to measure fair value as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Notes to Financial Statements
Florida Health Maintenance Organization
Consumer Assistance Plan
December 31, 2015 and 2014

Note 3 - Cash, Cash Equivalents, and Investments (Concluded)

Level 2: Inputs other than quoted market prices included within level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for an asset or liability, level 3 inputs should be used to measure fair value to the extent that observable level 1 or level 2 inputs are not available.

Generally Accepted Accounting Principles (GAAP) requires disclosure of an estimate of fair value of certain financial instruments. The Plan's significant financial instruments are cash, investments, accounts payable, and other short term assets and liabilities. For these financial instruments (Level 1) carrying values approximate fair value because of the short term maturity of these instruments.

Note 4 - Special Assessments

Special assessments revenue is generated from new HMOs becoming members of the Plan, as required by Florida Statutes to conduct business in the state of Florida. During the 2015 year the Plan collected \$125,000 and during the 2014 year the plan collected \$25,000.

Note 5 - Operating Expenses

The Plan operates under a Plan of Operation with a Plan Manager that is appointed by the Plan's Board of Directors. Under the Plan of Operation, the Plan Manager assumes all responsibilities for the day-to-day operations of the Plan. As such, the Plan has no employees and no fixed assets. All expenses are paid to outside contractors for services performed.

Note 6 - Estimates

The Plan has not accrued any amounts for medical claims payables for expenses incurred as a result of member insolvencies between the dates of the insolvencies and the expiration of the Plan's coverage responsibility period. Although it is reasonably possible that additional HMOs will become insolvent and additional costs will be incurred in future years, future events are not recognized in financial statements until the actual occurrence takes place or can be reasonably estimated; accordingly, no liabilities for future insolvencies are recorded.