

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT  
FLORIDA HEALTH MAINTENANCE ORGANIZATION  
CONSUMER ASSISTANCE PLAN  
TALLAHASSEE, FLORIDA  
DECEMBER 31, 2020 and 2019**

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FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN  
TALLAHASSEE, FLORIDA  
DECEMBER 31, 2020 AND 2019**

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**Independent Auditors' Report**

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

**Report on Financial Statements**

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, 2020 and 2019, 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.

**Auditors' 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 auditors' 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, 2020 and 2019, 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  
Tallahassee, Florida  
April 7, 2021

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020 AND 2019**  
**FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN**  
**TALLAHASSEE, FLORIDA**

Assets	2020	2019
Current Assets		
Cash and Cash Equivalents	\$ 49,205	\$ 88,944
Investments	9,906,272	9,692,672
Accrued Interest Receivable	18,404	41,672
Total Current Assets	9,973,881	9,823,288
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	6,011	6,280
Total Current Liabilities	6,011	6,280
Unrestricted Net Assets	9,967,870	9,817,008
Total Liabilities and Unrestricted Net Assets	\$ 9,973,881	\$ 9,823,288

See accompanying notes to financial statements

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019  
FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN  
TALLAHASSEE, FLORIDA**

Changes in Unrestricted Net Assets	2020	2019
Support and Revenue		
Assessment Revenue	\$ 50,000	\$ 125,000
Interest Income	190,331	232,453
Total Support and Revenue	240,331	357,453
Expenses		
Program Services:		
Contract Management	72,000	72,000
Legal	9,030	11,824
Accounting and Auditing	7,500	7,500
Office Supplies	939	2,464
Total Expenses	89,469	93,788
Increase in Unrestricted Net Assets	150,862	263,665
Unrestricted Net Assets, Beginning of Year	9,817,008	9,553,665
Unrestricted Net Assets, End of Year	\$ 9,967,870	\$ 9,817,008

See accompanying notes to financial statements

**STATEMENT OF CASH FLOWS**  
**DECEMBER 31, 2020 AND 2019**  
**FLORIDA HEALTH AND MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN**  
**TALLAHASSEE, FLORIDA**

Cash Flows from Operating Activities	2020	2019
	\$	\$
Increase (Decrease) in Unrestricted Assets	150,863	263,655
Adjustments:		
Investment Income Reinvested	(213,599)	(221,477)
(Increase) Decrease in Accrued Interest Receivable	23,266	(10,975)
Increase (Decrease) in Accounts Payable	(269)	(4,757)
Total Adjustments	(190,600)	(237,209)
 Net Cash Provided by (Used in) Operating Activities	 (39,739)	 26,455
 Cash Flows from Investing Activities		
Sale of Investments	4,625,000	3,850,000
Purchase of Investments	(4,625,000)	(3,850,000)
 <b>Net Cash Provided by (Used in) Investing Activities</b>	 0	 0
 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	 (39,739)	 26,455
 <b>Cash and Cash Equivalents, Beginning of Year</b>	 88,944	 62,489
 <b>Cash and Cash Equivalents, End of Year</b>	 \$ 49,205	 \$ 88,944

See accompanying notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN**  
**DECEMBER 31, 2020 AND 2019**

**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 Plan prepares its statements under the guidance of Financial Accounting Standards Board ("FASB") ACS 958, *Not-for-profit Entities*. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with 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.

**Investments**

Investments consist of certificates of deposits 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 FASB ASC 958, *Not-for-Profit Entities*, investments in all securities are reported at fair market value. Interest income is recorded on the accrual basis.

**Receivables**

There were no receivables on the books at year end.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN**  
**DECEMBER 31, 2020 AND 2019**

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

**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.

**Revenue Recognition**

Revenue is recognized in accordance with FASB issued ("ASU 2014-09") *Revenue from Contracts with Customers*. Which supersedes nearly all previous revenue recognition guidance under U.S. GAAP. The core principle is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled for those goods or services.

**Distributions Received**

The Plan did not receive any distributions from previous insolvencies in the 2020 or 2019 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.

**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 sources, 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). The Plan implemented the accounting requirements associated with uncertainty in income taxes using the provisions of FASB ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in financial statements when it is more-likely-than-not the positions will be sustained upon examination by tax authorities. As of December 31, 2020, the Plan has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN**  
**DECEMBER 31, 2020 AND 2019**

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

**Subsequent Events**

Subsequent Events have been evaluated through the date of the independent auditors' report. The Plan has determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.

**Risks and Uncertainties**

Management is currently evaluating the impact of the Covid-19 pandemic and has concluded that while it is reasonably possible that the virus could have a negative impact on the Plan's financial position, the specific impact is not readily determinable as of the date of these financial statements.

**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>2020</u>	<u>2019</u>
Wells Fargo Money Market	\$ 103,411	\$ 496,184
Wells Fargo Brokered CD Account	5,725,000	5,225,524
SPIA	<u>4,077,860</u>	<u>3,971,488</u>
Total Investments	<u>\$ 9,906,272</u>	<u>\$ 9,692,672</u>
Accrued Interest Income	<u>\$ 18,404</u>	<u>\$ 41,672</u>

**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, 2020 and 2019, 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 \$4,077,860 and \$3,971,488 invested at the Treasurer's special purpose investment account managed by the State of Florida, Division of Treasury at December 31, 2020 and 2019, respectively.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN**  
**DECEMBER 31, 2020 AND 2019**

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

***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, 2020 and 2019, respectively. All investments are settled in U.S. dollars.

**Fair Value Measurement of Financial Instruments**

The Fair Value Measurements topic of the FASB ASC 820, *Fair Value Measurements and Disclosures* 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.

*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 2020 year, the Plan collected \$50,000 and during the 2019 year, the plan collected \$125,000.

**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.

**NOTES TO FINANCIAL STATEMENTS**  
**FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN**  
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**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.