

FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2025 AND 2024

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2025 and 2024, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Health Maintenance Organization Consumer Assistance Plan as of December 31, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always

detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Moran & Smith LLP

Moran & Smith LLP
Tallahassee, Florida
April 7, 2026

FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 269,095	\$ 422,626
Investments	4,579,113	4,401,661
Certificates of deposit	2,000,000	1,675,000
Accrued interest receivable	61,844	46,610
Total current assets	<u>6,910,053</u>	<u>6,545,897</u>
 Certificates of deposit	 <u>4,025,000</u>	 <u>4,025,000</u>
 Total assets	 <u><u>\$ 10,935,053</u></u>	 <u><u>\$ 10,570,897</u></u>
 Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 6,191	\$ 6,000
Total current liabilities	<u>6,191</u>	<u>6,000</u>
 Net assets without donor restrictions	 <u>10,928,861</u>	 <u>10,564,897</u>
 Total liabilities and net assets	 <u><u>\$ 10,935,053</u></u>	 <u><u>\$ 10,570,897</u></u>

See accompanying notes to financial statements.

**FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Support and revenue		
Assessment revenue	\$ 50,000	\$ 25,000
Interest income	405,310	318,196
Total support and revenue	<u>455,310</u>	<u>343,196</u>
Expenses		
Program expenses		
Contract management	72,000	72,000
Administrative expenses		
Legal	7,020	3,555
Accounting and auditing	7,950	7,950
Office supplies	4,375	2,541
Total expenses	<u>91,345</u>	<u>86,046</u>
Change in net assets	363,964	257,150
Net assets without donor restrictions, beginning of year	<u>10,564,897</u>	<u>10,307,747</u>
Net assets without donor restrictions, end of year	<u><u>\$ 10,928,861</u></u>	<u><u>\$ 10,564,897</u></u>

See accompanying notes to financial statements.

FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 363,964	\$ 257,150
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) in accrued interest receivable	(15,234)	(6,868)
Increase in accounts payable	191	-
Total adjustments	<u>(15,043)</u>	<u>(6,868)</u>
Net cash provided by (used in) operating activities	<u>348,921</u>	<u>250,282</u>
Cash flows from investing activities		
Investment income reinvested	(177,452)	(151,245)
Sale of investments	2,175,000	2,775,000
Purchase of investments	<u>(2,500,000)</u>	<u>(2,525,000)</u>
Net cash provided by (used in) investing activities	<u>(502,452)</u>	<u>98,755</u>
Net increase (decrease) in cash and cash equivalents	(153,531)	349,037
Cash and cash equivalents, beginning of year	422,626	73,589
Cash and cash equivalents, end of year	<u>\$ 269,095</u>	<u>\$ 422,626</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

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. The Plan is exempt from income tax under section 501(c)(6) of the Internal Revenue Code. 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. The Plan is supported primarily through interest income and assessment revenue.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Plan and changes therein are classified and reported as follows:

- Net assets without donor restrictions – Net assets available for use in general operations that are not subject to donor-imposed stipulations. Any restricted net assets that are received and expensed in the same fiscal year are classified as net assets without donor restrictions.
- Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Plan and/or the passage of time. The Plan had no net assets with donor restrictions as of December 31, 2025 and 2024.

Use of Estimates

The preparation of 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, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Liquidity

Assets and liabilities are presented in the accompanying statement of financial position according to their nearness of conversion to cash and their maturity and resulting use of cash, respectively. See Note 3 for more information on liquidity and availability of assets.

Cash and Cash Equivalents

The Plan considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents.

FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

Investments

Investments consist of certificates of deposit with various financial institutions and an investment in the Treasurer's special purpose investment account ("SPIA") 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.

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.

The Plan has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately \$19,095 and \$172,626 at December 31, 2025 and 2024, respectively. The Plan maintains its cash with a high quality financial institution which the Plan believes limits these risks.

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.

Accrued Interest Receivable

The Plan records all accrued interest for the December earnings at the end of the year. Accrued interest receivable was \$61,844 and \$46,610 at December 31, 2025 and 2024, respectively.

Accounts 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.

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, 2025, the Plan does not believe it has

FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 2 - Summary of Significant Accounting Policies (Continued)

any uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Accordingly, no provision for income taxes is reflected in the financial statements.

Functional Allocation of Expenses

The costs of providing program services are detailed on a functional basis in the statement of activities. Directly identifiable expenses are charged to either program or supporting services. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Plan.

New Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13" or "ASC 326"). ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. The FASB has subsequently issued additional ASUs amending certain aspects of ASU 2016-13. The adoption of this ASU did not have an impact on the financial statements.

Note 3 – Liquidity and Availability of Financial Assets

The Plan had \$6,910,053 and \$6,545,897 of financial assets available for general expenditures within one year of the date of the statement of financial position as of December 31, 2025 and 2024, respectively, which consisted of the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents		
WellsFargo General Account	\$ -	\$ 28,389
WellsFargo Money Market	-	394,236
WellsFargo Command Account	269,095	-
Total cash and cash equivalents	<u>269,095</u>	<u>422,626</u>
Investments and certificates of deposit		
Treasurer's SPIA	4,579,113	4,401,661
WellsFargo Brokered CD Account	2,000,000	1,675,000
Total investments and certificates of deposit	<u>6,579,113</u>	<u>6,076,661</u>
Accrued interest receivable	<u>61,844</u>	<u>46,610</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,910,053</u>	<u>\$ 6,545,897</u>

FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 4 – 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 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.

The cost and fair market value of investments as of December 31, 2025 and 2024 are as follows:

	Total	Fair Value Measurement as of December 31, 2025		
		Level 1	Level 2	Level 3
Command account	\$ 269,095	\$ 269,095	\$ -	\$ -
Certificates of deposit	6,025,000	-	6,025,000	-
Treasurer's SPIA	4,579,113	-	4,579,113	-
Total investments	<u>\$ 10,873,208</u>	<u>\$ 269,095</u>	<u>\$ 10,604,113</u>	<u>\$ -</u>

	Total	Fair Value Measurement as of December 31, 2024		
		Level 1	Level 2	Level 3
Money market funds	\$ 394,236	\$ 394,236	\$ -	\$ -
Certificates of deposit	5,700,000	-	5,700,000	-
Treasurer's SPIA	4,401,661	-	4,401,661	-
Total investments	<u>\$ 10,495,897</u>	<u>\$ 394,236</u>	<u>\$ 10,101,661</u>	<u>\$ -</u>

Note 5 – Credit Risk Disclosures

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.

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, 2025 and 2024, respectively. All investments were held by the Plan or its agent in the Plan's name.

FLORIDA HEALTH MAINTENANCE ORGANIZATION CONSUMER ASSISTANCE PLAN
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 5 – Credit Risk Disclosures (Continued)

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 \$4,579,113 and \$4,401,661 invested at the Treasurer's special purpose investment account managed by the State of Florida, Division of Treasury at December 31, 2025, and 2024, 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, 2025, and 2024, respectively. All investments are settled in U.S. dollars.

Note 6 – 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. The Plan collected \$50,000 and \$25,000 of assessment revenue during each of the years ending December 31, 2025 and 2024, respectively.

Note 7 – Contingencies

The Plan has not accrued any amounts for medical claims payable 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.

Note 8 – 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 9 – Subsequent Events

Subsequent events have been evaluated through April 7, 2026, which is the date the financial statements were available to be issued. The Plan has determined that no subsequent events have occurred which require adjustment to or disclosure in the financial statements.