

# FORVIS

## Report to the Board of Governors, Audit Committee, and Management

### Florida Market Assistance Plan

### Results of the 2022 Financial Statement Audit, Including Required Communications

Tampa, FL

Period End December 31, 2022



# Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

**Scope of Our Audit & Inherent Limitation to *Reasonable Assurance***

**Your & Our Responsibilities**

**Extent of Our Communication & Distribution Restriction**

**Independence Matters**

## Overview and Responsibilities

Matter	Discussion
<b>Scope of Our Audit</b>	<p>This report covers audit results related to your financial statements and supplementary information</p> <ul style="list-style-type: none"><li>• As of and for the year ended December 31, 2022</li><li>• Conducted in accordance with our contract dated December 2, 2022</li></ul>
<b>Our Responsibilities</b>	<p>FORVIS is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>
<b>Audit Scope and Inherent Limitations to Reasonable Assurance</b>	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.</p>



Matter	Discussion
<b>Extent of Our Communication</b>	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
<b>Independence</b>	The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.
<b>Your Responsibilities</b>	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
<b>Distribution Restriction</b>	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> <li>• Board of Governors, Audit Committee, and Management</li> <li>• Citizens Property Insurance Company</li> </ul>



## Qualitative Aspects of Significant Accounting Policies and Practices

The following matters are detailed in the following pages and included in our assessment:

**Significant Accounting  
Policies**

**Unusual Policies or  
Methods**

**Alternative Accounting  
Treatments**

**Management Judgments  
& Accounting Estimates**

**Financial Statement  
Disclosures**

**Our Judgment About the  
Quality of the Entity's  
Accounting Principles**



## Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- No matters are reportable



## Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature):

- No matters are reportable



## Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Estimated useful lives of capital assets






## Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- FORVIS notes that FMAP's revenue is made up of assessment fees paid by insurers and these fees are tested through our audit procedures around revenue.
- FMAP is an affiliate of Citizens Property Insurance Company and thereby is a related party. All expenses and payables that FMAP incurs are through Citizens which prompts the due to/due from balance that FMAP has with Citizens.
- Capital Assets The estimates of depreciable lives are determined by the Company according to their policies as it pertains to Capital Assets. Estimated useful lives are assigned by asset class and is as follows: Internally Developed Software - 3 years.



## **Our Judgment About the Quality of the Entity's Accounting Principles**

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- No matters are reportable



## Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

## Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable



## Uncorrected Misstatements

Some adjustments proposed were **not recorded** because their aggregate effect is not currently material; however, they involve areas in which adjustments in the future could be material, individually or in the aggregate.

Uncorrected audit misstatements pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, but more than trivial to the financial statements as a whole are included as an attachment to this communication.

While these uncorrected misstatements were deemed to be immaterial to the current-year financial statements, it is possible that the impact of these uncorrected misstatements, or matters underlying these uncorrected misstatements, could potentially cause future-period financial statements to be materially misstated.

- No uncorrected misstatements



## Other Required Communications

### Disagreements with Management

The following matters involved disagreements which if not satisfactorily resolved would have caused a modified auditor's opinion on the financial statements:

- No matters are reportable



## Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachments)

# Required Communications Regarding Internal Control (AU-C 265)

## Consideration of Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Florida Market Assistance Plan, as of and for the year ended December 31, 2022, in accordance with GAAS, we considered the Entity's internal control over financial reporting (internal control).

This consideration served as a basis for designing audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statements.

However, this consideration was **not** for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

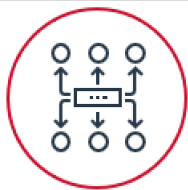
Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Categorizing Deficiencies by Severity

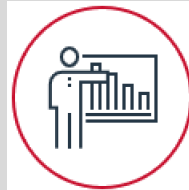
### Deficiency

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis.



### Significant Deficiency

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



### Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatements of the Entity's financial statements will not be prevented or detected and corrected on a timely basis.







## **Attachments**

### **Audited Financial Statements (Appendix A)**

The audited financial statements are included herein for your reference.

### **Management Representation Letter (Appendix B)**

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.



# Appendix A

## Audited Financial Statements

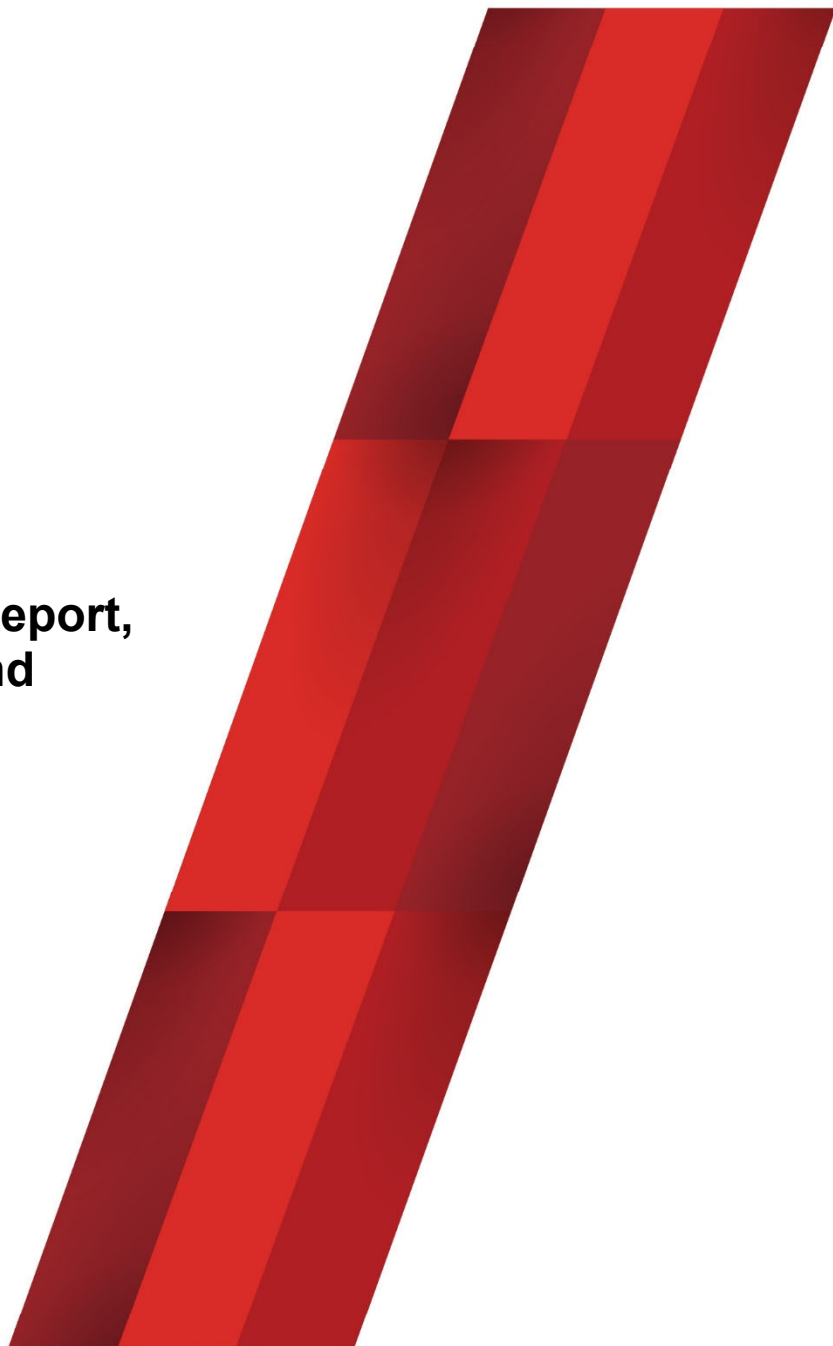
**FORV/S**

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office

# **Florida Market Assistance Plan**

**Independent Auditor's Report,  
Financial Statements, and  
Supplementary  
Information**

**December 31, 2022 and 2021**



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## Independent Auditor's Report

Board of Governors  
Florida Market Assistance Plan  
Tallahassee, FL

### **Opinion**

We have audited the financial statements of Florida Market Assistance Plan (The Plan), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, and statements of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Plan as of December 31, 2022 and 2021, and the changes in its net assets and 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 (GAAS). 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 for one year after the financial statements are 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 GAAS 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.

# FORVIS

In performing an audit in accordance with GAAS, 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.

## ***Other Matters***

Our audit was conducted for the purpose of forming an opinion of the basic financial statements taken as a whole. The additional information included in the Supplemental Schedule of General and Administrative Expenses of the Plan for the Years Ended December 31, 2022 and 2021 on page 8 are presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted by the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statement as a whole.

**FORVIS,LLP**

Tampa, FL

June 1, 2023

**Florida Market Assistance Plan  
Statements of Financial Position  
December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current Assets:		
Cash	\$ <u>783,841</u>	\$ <u>801,632</u>
Total current assets	<u>783,841</u>	<u>801,632</u>
Non-current Assets:		
Capital assets, net	<u>72,537</u>	<u>-</u>
Total non-current assets	<u>72,537</u>	<u>-</u>
Total assets	<u>\$ <u>856,378</u></u>	<u>\$ <u>801,632</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Due to Citizens Property Insurance Corporation	\$ <u>42,064</u>	\$ <u>30,845</u>
Total liabilities	<u>42,064</u>	<u>30,845</u>
Net assets:		
Unrestricted net assets	<u>814,314</u>	<u>770,787</u>
Total liabilities and net assets	<u>\$ <u>856,378</u></u>	<u>\$ <u>801,632</u></u>

**Florida Market Assistance Plan**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Revenues:		
Assessments	<u>\$ 260,550</u>	<u>\$ 256,500</u>
Total revenues	<u>260,550</u>	<u>256,500</u>
Expenses:		
General and administrative expenses	<u>217,023</u>	<u>167,182</u>
Total expenses	<u>217,023</u>	<u>167,182</u>
Change in unrestricted net assets	<b>43,527</b>	89,318
Net assets, beginning of year	<u>770,787</u>	<u>681,469</u>
Net assets, end of year	<u><b>\$ 814,314</b></u>	<u><b>\$ 770,787</b></u>



**Florida Market Assistance Plan**  
**Statements of Cash Flows**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Assessments collected	\$ 260,550	\$ 256,500
Operating expenses paid	<u>(185,079)</u>	<u>(176,013)</u>
Net cash provided by operating activities	75,471	80,487
Cash flows from investing activities:		
Cash paid for the purchase of capital assets	<u>(93,262)</u>	<u>-</u>
Net cash used in investing activities	(93,262)	-
Net change in cash	(17,791)	80,487
Cash, beginning of year	<u>801,632</u>	<u>721,145</u>
Cash, end of year	<u>\$ 783,841</u>	<u>\$ 801,632</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in unrestricted net assets	43,527	89,318
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	20,725	-
Due to Citizens Property Insurance Corporation	<u>11,219</u>	<u>(8,831)</u>
Net cash provided by operating activities	<u>\$ 75,471</u>	<u>\$ 80,487</u>

## **Notes to Financial Statements**

### **1. Organization and Significant Accounting Policies**

#### ***Organization***

The Florida Market Assistance Plan (the Plan) was created by the Florida legislature in 1985 (Florida Statutes, Section 627.3515) to assist consumers who are unable to procure property and casualty insurance coverage from authorized insurers in the private market. The enabling Statute also provides for the Plan to assist in the removal of risks from Citizens Property Insurance Corporation (Citizens) that can be placed in the private market. Each person serving as a member of Citizens' Board of Governors also serves as a member of the Board of Governors of the Plan. As more fully described in Note 2, Related Party Transactions, the Plan is considered to be a financially interrelated entity of Citizens.

#### ***Basis of Reporting***

The Plan prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Financial Accounting Standards Board Accounting Standards Codification (ASC or the guidance).

#### ***Use of Estimates***

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash***

Cash includes demand deposits and is carried at cost, which approximates fair value. The Federal Deposit Insurance Corporation (FDIC) insures amounts on deposit with each financial institution up to limits as prescribed by law. The Plan may hold funds with financial institutions in excess of the FDIC insured amount; however, the Plan has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on cash.

#### ***Capital Assets***

Capital assets are depreciated using the straight-line method over the assets' estimated useful life. The estimated useful lives by asset class are as follows:

Internally developed website:	3 years
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The Plan entered into an agreement with Citizens for the use of shared resources to redesign the Plan's internal website. At the completion of the project, the Plan reimbursed Citizens for its actual costs, plus the use of its staffing resources on the project.

The cost and accumulated depreciation for capital assets was \$93,262 and \$20,725 at December 31, 2022, respectively and is included in general and administrative expenses in the accompanying statements of activities and changes in net assets. There was no depreciation or accumulated depreciation recorded at December 31, 2021.

**Florida Market Assistance Plan  
Notes to Financial Statements**

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***Revenue Recognition***

The Plan's revenues consist of annual assessments on residential insurers and funding provided by Citizens. Assessments are recorded as revenue in the period in which they are levied and due. Funding provided by Citizens related to Plan deficits, if any, is recorded as part of unrestricted net assets in the period to which it applies.

***Income Taxes***

The Plan is exempt from Federal income tax under Internal Revenue Code Section 501(c)(6) except for tax on unrelated business income. The Plan did not have unrelated business income for December 31, 2021 and 2020.

**2. Related Party Transactions**

The Plan is an entity related to Citizens through the maintenance of a service level agreement. Citizens maintains the Plan's database and computer systems, prepares necessary reports, and provides accounting and other financial services, office space and all other services deemed necessary to carry out the Plan's statutory purpose. Costs incurred for these expenses are reimbursed quarterly to Citizens. Section 627.3515, Florida Statutes provides that the Plan shall be funded through payments from Citizens and annual assessments of residential property insurers. Citizens funds any deficit incurred by the Plan in performing its statutory purpose if the annual assessments are insufficient to cover such costs.

At December 31, 2022 and 2021, the Plan has recorded a net amount due to Citizens of \$42,064 and \$30,845, respectively.

**3. Subsequent Events**

Management has evaluated subsequent events for disclosure and recognition through June 1, 2023, the date on which these financial statements were available to be issued. There were no subsequent events through the evaluation date that merit disclosure or would have a material impact to the financial statements of the Plan.

***Supplementary Information***

**Florida Market Assistance Plan**  
**Supplemental Schedule of General and Administrative Expenses**  
**Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Customer care center services	\$ 83,905	\$ 83,941
Salaries and benefits	89,059	59,425
Telephone and communications	1,604	1,982
Legal and accounting	18,600	18,600
Depreciation expense	20,725	-
Other expenses	<u>3,130</u>	<u>3,234</u>
Total general and administrative expenses	<u>\$ 217,023</u>	<u>\$ 167,182</u>



# Appendix B

## Management Representation Letter

**FORV/S**

FORVIS is a trademark of FORVIS, LLP, registration of which is pending with the U.S. Patent and Trademark Office



2101 Maryland Circle  
Tallahassee, Florida 32303

Representation of:  
Florida Market Assistance Plan  
Attention: Andrew Woodward  
Post Office Box 10749  
Tallahassee, FL 32302

*Provided to:*  
**FORVIS, LLP**  
Certified Public Accountants  
400 N. Ashley Drive, Suite 2540  
Tampa, FL 33602

The undersigned (“We”) are providing this letter in connection with FORVIS’ audit of our audited financial statements as of and for the year ended December 31, 2022 and December 31, 2021.

Our representations are current and effective as of the date of FORVIS’ report: June 1, 2023.

Our engagement with FORVIS is based on our contract for services dated: December 2, 2022.

### **Our Responsibility & Consideration of Material Matters**

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

### **Confirmation of Matters Specific to the Subject Matter of FORVIS’ Report**

We confirm, to the best of our knowledge and belief, the following:

#### ***Broad Matters***

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the audited financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
  - a. Internal control relevant to the preparation and fair presentation of the audited financial statements that are free from material misstatement, whether due to fraud or error.
  - b. Internal control to prevent and detect fraud.
3. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the audited financial statements, such as financial records and related data, documentation, and other matters.

*Helping consumers, agents and insurance companies insure Florida property*

- b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. All minutes of Board of Governance meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the board, if applicable, and maintained as part of our records.
4. We have responded fully and truthfully to all your inquiries.

***Misappropriation, Misstatements, & Fraud***

5. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
- a. Misappropriation of assets.
  - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance.
6. We have no knowledge of fraud or suspected fraud affecting the entity involving:
- a. Management or employees who have significant roles in internal control over financial reporting, or
  - b. Others when the fraud could have a material effect on the financial statements.
7. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in audited financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the audited financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, policyholders, regulators, or others.
9. We have assessed the risk that the audited financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.



### ***Ongoing Operations***

10. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity, difficulty obtaining financing or bonding, significant credit quality problems, including significant volatility in the values of assets and other collateral supporting loans, etc. We understand the values of the assets and liabilities recorded in the audited financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts and notes or contributions receivable, capital, net realizable value of inventory, etc., that could negatively impact the entity's ability to meet debt covenants or maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's audited financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments and other assets; evaluating assumptions regarding allowances for uncollectible amounts; or loan losses evaluating capital needs and liquidity plans; etc.

### ***Related Parties***

11. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware.

In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

12. We understand that the term related party refers to:

- Affiliates
- Entities for which investments are accounted for by the equity method
- Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management
- Principal owners and members of their immediate families
- Management and members of their immediate families
- Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

13. Related-party transactions asserted to or disclosed in the financial statements as arm's length were conducted on terms equivalent to those prevailing for comparable transactions with unrelated parties or, in the absence of comparable transactions, terms that would be offered in good faith to unrelated parties, and support regarding the assertion has been provided.

#### ***Litigation, Laws, Rulings & Regulations***

14. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
15. We have provided you with all examination reports, agreements and related correspondence from regulatory agencies and any related findings.
16. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the audited financial statements.
17. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
18. There are no regulatory examinations currently in progress for which we have not received examination reports.

#### ***Nonattest Services***

19. You have provided nonattest services, including the following, during the period of this engagement:
  - Assisting management in preparing a draft of the audited financial statements and related notes and supplementary information
  - Advising management about appropriate accounting principles

#### ***Financial Statements & Reports***

20. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated December 2, 2022, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for the preparation of the supplementary information in accordance with the applicable criteria.
21. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
22. We acknowledge our responsibility 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.

23. We have reviewed and approved a draft of the audited financial statements and related notes referred to above, which you assisted in preparation in connection with your audit of our audited financial statements. We acknowledge that we are responsible for the fair presentation of the audited financial statements and related notes.
24. With regard to supplementary information:
  - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
  - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
  - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

We do not issue an annual report, nor do we have plans to issue an annual report at this time.

***Transactions, Records & Adjustments***

25. All transactions have been recorded in the accounting records and are reflected in the audited financial statements.
26. We have everything we need to keep our books and records.
27. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.
28. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.
29. There are no uncorrected misstatements or omitted disclosures.

***Accounting & Disclosures***

30. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place.
31. Except as reflected in the audited financial statements, there are no:
  - a. Plans or intentions that may materially affect carrying values or classifications of assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position or fund balance.
  - b. Material transactions omitted or improperly recorded in the financial records.
  - c. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the audited financial statements were available to be issued, requiring adjustment or disclosure in the audited financial statements.

32. Except as disclosed in the audited financial statements, the entity has:
- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
33. We have complied with all eligibility requirements to receive Paycheck Protection Program (PPP) funds under the CARES Act and applicable regulations. We have met all requirements for recognition of forgiveness income as of the [balance sheet/statement of position] date.

**Other Matters**

34. The Plan has allocated certain expenses from Citizens Property Insurance Corporation for shared services. Management believes these allocations to be fair and equitable to the Plan.
35. The Plan did not recognize any business income for the year ended December 31, 2022 and therefore, has concluded that under Internal Revenue Code Section 501 (c)(6) has no tax liability.
36. The Plan has fully placed an internally developed software asset into service in 2022 and have elected to capitalize this asset over a 3 year period.
37. Subsequent Events
- a. We have evaluated subsequent events through the date of this letter, which is the date the financial statements were available to be issued. No events have occurred subsequent to the statements of financial position and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

**Timothy M. Cerio**


*Timothy M. Cerio, President and Chief Executive Officer*

**Jennifer Montero**

*Jennifer Montero, Chief Financial Officer*

**Andrew Woodward**

*Andrew Woodward, Controller*

Signature:   
Andrew Woodward (Jun 1, 2023 11:07 EDT)  
Email: [andrew.woodward@citizensfla.com](mailto:andrew.woodward@citizensfla.com)

Signature: *Jennifer Montero*  
Jennifer Montero (Jun 1, 2023 12:05 EDT)  
Email: [jennifer.montero@citizensfla.com](mailto:jennifer.montero@citizensfla.com)

Signature: *Timothy M. Cerio*  
Timothy M. Cerio (Jun 1, 2023 13:02 EDT)  
Email: [tim.cerio@citizensfla.com](mailto:tim.cerio@citizensfla.com)