

# Florida Market Assistance Plan

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## Financial Statements

Years Ended December 31, 2015 and 2014

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## **Independent Auditors' Report**

Board of Governors  
Florida Market Assistance Plan  
Tallahassee, Florida

We have audited the accompanying financial statements of the Florida Market Assistance Plan (The Plan), which comprise the statement of financial position as of December 31, 2015, and the related statement of activities and changes in net assets, and statement of cash flows for the year then ended and the related notes of 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 audit. 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, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Prior Period Financial Statements***

The financial statements of the Plan as of and for the year ended December 31, 2014, were audited by other auditors whose report dated May 29, 2015, expressed an unmodified opinion on those statements.

***Other Matters***

Our audit was conducted for the purpose of forming an opinion of the financial statements taken as a whole. The additional information included in the Supplemental Schedule of General and Administrative Expenses of the Plan for the year ended December 31, 2015 on page 8 are presented for the purpose of additional analysis and is not a required part of the 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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. The Supplemental Schedule of General and Administrative Expenses of the Plan for the year ended December 31, 2014 on page 8 was subjected to the auditing procedures applied in the 2014 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2014 financial statements as a whole.

*Dixon Hughes Goodman LLP*

**Charlotte, North Carolina**  
**May 31, 2016**

**Florida Market Assistance Plan  
Statements of Financial Position  
December 31, 2015 and 2014**

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	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash	<u>\$ 254,458</u>	<u>\$ 275,244</u>
Total assets	<u><u>\$ 254,458</u></u>	<u><u>\$ 275,244</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Due to Citizens Property Insurance Corporation	<u>\$ 150,145</u>	<u>\$ 133,054</u>
Total liabilities	<u>150,145</u>	<u>133,054</u>
Net assets:		
Unrestricted net assets	<u>104,313</u>	<u>142,190</u>
Total liabilities and net assets	<u><u>\$ 254,458</u></u>	<u><u>\$ 275,244</u></u>

**Florida Market Assistance Plan**  
**Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Revenues:		
Assessments	\$ 256,950	\$ 258,300
Miscellaneous income	<u>3,150</u>	<u>-</u>
Total revenues	<u>260,100</u>	<u>258,300</u>
Expenses:		
General and administrative expenses	<u>297,977</u>	<u>327,057</u>
Total expenses	<u>297,977</u>	<u>327,057</u>
Change in unrestricted net assets	(37,877)	(68,757)
Net assets, beginning of year	<u>142,190</u>	<u>210,947</u>
Net assets, end of year	<u>\$ 104,313</u>	<u>\$ 142,190</u>

**Florida Market Assistance Plan  
Statements of Cash Flows  
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Assessments collected	\$ 256,950	\$ 258,300
Miscellaneous income	3,150	
Operating expenses paid	<u>(280,886)</u>	<u>(318,995)</u>
Net cash used in operating activities	(20,786)	(60,695)
Cash, beginning of year	<u>275,244</u>	<u>335,939</u>
Cash, end of year	<u>\$ 254,458</u>	<u>\$ 275,244</u>
Reconciliation of change in net assets to net cash used in operating activities:		
Change in unrestricted net assets	\$ (37,877)	\$ (68,757)
Adjustment to reconcile change in net assets to net cash used in operating activities:		
Due to Citizens Property Insurance Corporation	<u>17,091</u>	<u>8,062</u>
Net cash used in operating activities	<u>\$ (20,786)</u>	<u>\$ (60,695)</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, 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.

#### ***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. As more fully described in Note 2, 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 the years ended December 31, 2015 and 2014.

**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, 2015 and 2014, the Plan has recorded a net amount due to Citizens of \$150,145 and \$133,054 respectively.

**3. Subsequent Events**

Management has evaluated subsequent events for disclosure and recognition through May 31, 2016, 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, 2015 and 2014**

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	<u>2015</u>	<u>2014</u>
Customer care center services	\$ 134,276	\$ 195,916
Salaries and benefits	92,084	96,341
Telephone and communications	53,069	20,896
Legal and accounting	13,600	13,600
Office supplies	23	182
Other expenses	4,925	122
	<u>                    </u>	<u>                    </u>
Total general and administrative expenses	<u>\$ 297,977</u>	<u>\$ 327,057</u>