



Financial Statements
June 30, 2021 and 2020

Idaho Health Insurance Exchange dba
Your Health Idaho

Idaho Health Insurance Exchange dba Your Health Idaho

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Independent Auditor's Report

To the Board of Directors
Idaho Health Insurance Exchange dba Your Health Idaho
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Idaho Health Insurance Exchange dba Your Health Idaho (YHI), as of June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the YHI's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the business-type activities of YHI as of June 30, 2021 and 2020, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods or preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021 on our consideration of YHI internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the YHI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering YHI's internal control over financial reporting and compliance.


Boise, Idaho
September 17, 2021

Within this section of the Idaho Health Insurance Exchange, dba Your Health Idaho (YHI) financial report, YHI's management provides narrative discussion and analysis of the financial activities of YHI for the years ended June 30, 2021 and 2020. YHI's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section.

YHI is considered an enterprise fund and accounted for using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The financial statements are designed to provide the readers with a broad overview of YHI's finances, in a manner similar to a private sector business.

Revenues are recorded when earned, and expenses are recorded at the time the liabilities are incurred. YHI, regardless of the timing of cash flows, applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Per the establishing legislation, House Bill 248, YHI cannot rely on any state resources or direct funding from any state agency. As such, YHI is required to generate revenue on an ongoing basis from the fees earned on policies generated from YHI's website. Operating costs and future capital investments will be covered by revenue from assessment fees and existing cash reserves.

Basic Financial Statements

Statements of Net Position reports our assets, liabilities, and net position at year-end. Net position is reported as: investment in capital assets and unrestricted.

Statements of Revenues, Expenses, and Changes in Net Position reports our income, expenses, and resulting changes in net position during the fiscal year.

Both of these statements use the full accrual basis of accounting an economic resources measurement focus.

Statements of Cash Flows reports our sources and uses of cash and change in cash and cash equivalents resulting from our activities during the fiscal year.

Notes to the Basic Financial Statements provide more information to better understand the amounts reported in the basic financial statements.

FINANCIAL HIGHLIGHTS

YHI reported assets of \$17,415,607 in FY21, an increase of \$490,341 over the prior year. Cash and prepaids increased by \$5,847,722 and investments decreased by \$5,258,038 as the certificate of deposit account registry service matured and was not renewed. Accounts receivables decreased \$390,107 due to timing of carrier payments, and investments in technology were made of \$290,764.

In comparison, YHI reported assets of \$16,925,266 for FY20 an increase of \$2,377,256 over FY19 mainly driven by capital investments made in technology, acquisition of an office building and land, for YHI's use. This consisted of \$1,217,327 in investment in technology assets over FY19 offset by accumulated depreciation

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Management's Discussion and Analysis

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\$322,316 and transfers from inventory asset to in-service technology. In FY20, YHI reported an increase of \$4,900,000 over FY19 of capital investment from the building and land purchase offset by decrease in cash related to the acquisition of building. In addition, an increase of \$367,231 was driven by tenant improvements, furniture and cubicles, and servers and computers related to the building purchase.

YHI held cash and investments of \$10,036,338 an increase of \$551,768 due to timing of plan payments and an increase of enrollments in the last quarter of the fiscal year from enhanced subsidies through American Rescue Plan Act. In FY20, cash decreased \$3,802,150 over 2019. This decrease was the result of the use of cash for the building purchase, related capital investments including tenant improvements and equipment purchases, and capital investments in technology offset by the increase of cash from operations.

Liabilities and net position of \$17,415,607 comprised of accrued expenses, deferred revenue, and short-term payables of \$675,685. The change in net position resulted from a net income gain of \$590,669. In comparison to FY20, liabilities and net position were \$16,925,266 and consisted of an increase \$166,629 in short-term payables and accrued expenses in total of \$776,014. The resulting net position of \$16,149,253 and increased \$2,210,627 over FY19 due to a net income gain.

YHI incurred operational expenses of \$9,553,011 in 2021 related to the establishment and operation of the entity. This is an increase over FY20 of \$210,945 related to an increase in depreciation expense attributed to the investment in technology assets, an increase in employee related costs, and a decrease in eligibility services. Operational expenses in 2020 were \$9,342,066 which was a decrease over 2019 of \$9,613,069 mainly due to a decrease in depreciation expense.

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Management's Discussion and Analysis

June 30, 2021 and 2020

Condensed Statements of Net Position As of June 30, 2021 and 2020

	2021	2020	Change 2020 to 2021	2019	Change 2019 to 2020
Assets					
Cash and cash equivalents	\$ 10,036,338	\$ 4,226,532	\$ 5,809,806	\$ 8,113,204	\$ (3,886,672)
Investments	-	5,258,038	(5,258,038)	5,173,516	84,522
Receivables	5,631	395,738	(390,107)	153	395,585
Prepaid and other assets	134,412	96,496	37,916	80,029	16,467
Property and equipment	7,239,226	6,948,462	290,764	1,181,108	5,767,354
Total Assets	17,415,607	16,925,266	490,341	14,548,010	2,377,256
Liabilities					
Accounts payable	68,279	258,415	(190,136)	204,507	53,908
Other liabilities	607,406	517,598	89,808	404,877	112,721
Total Liabilities	675,685	776,013	(100,328)	609,384	166,629
Net Position					
Net investment in capital assets	7,239,226	6,948,462	290,764	1,181,108	5,767,354
Unrestricted	9,500,696	9,200,791	299,905	12,757,518	(3,556,727)
Total Net Position	16,739,922	16,149,253	590,669	13,938,626	2,210,627
Total Liabilities and Net Position	\$ 17,415,607	\$ 16,925,266	\$ 490,341	\$ 14,548,010	\$ 2,377,256

Operational expenses include, but are not limited to, the following key areas of operation:

Professional services of \$1,760,633 remained relatively flat year over year. In FY20 these expenses increased \$287,210 over FY19, because of the building purchase and general business consulting, as well as legal and technology consulting related to the maintenance, operations, and enhancement of the YHI marketplace technology.

Marketing and advertising of \$881,818 increased \$89,786 over 2020 mainly driven by additional paid media advertising related to the enhanced subsidies through the American Rescue Plan Act. Marketing and advertising of \$792,032 for FY20, a decrease of \$189,292 over 2019, is mainly driven by transitioning from a vendor supported model to in-house resources and distributing one less marketing research survey over prior year. Marketing efforts include outreach and education, earned media, website maintenance, public relations and related consulting, and market research.

Consumer Support Services of \$1,612,160 decreased \$531,541 over FY20 due to timing of hiring for temporary seasonal staff and lower costs for eligibility services. Consumer support costs in 2020 of \$2,143,701 remained relatively unchanged over FY19. The current year expenses included costs for the services of the in-person assistors and tribal engagement costs, call center services, and related travel and training.

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Payroll and related expenses of \$3,786,509, an increase of \$349,142 over FY20 driven primarily by filling of open positions and change in compensation structure and related expenses. In prior year, a total of \$3,437,367, there was an increase of \$266,159 over FY19, which was driven primarily by an increase in the filling of a few open positions and an increase in benefit costs.

Utility related expenses of \$311,898 increased \$50,383 over 2020 mainly related to higher utility costs due to a full year at the new building as well as parking and grounds improvements and general repairs and maintenance costs. FY20 utility expenses of \$261,516, an increase of \$93,152 over FY19, was mainly related to moving into the new office building.

Depreciation expense of \$674,734 increased \$352,418 from FY20 primarily due to technology developments related to customer support systems. Depreciation expense in FY20 was \$322,316 and decreased \$10,086,563 from FY19. The initial technology contract expired on December 31, 2018, and the original state-based exchange technology asset was fully depreciated at that time. The contract was renewed for another five years, and current depreciation reflects only those technology enhancements placed into service since January 1, 2019. Those enhancements are depreciated over the life of the contract extension.

Operating revenues decreased in FY21 by \$1,795,919 over FY20 mainly related to Medicaid expansion and the impacts felt from the global pandemic. \$1,400,754 contributed to the revenue decline from less enrollments on the Exchange and \$395,164 was due to lower plan premiums. In comparison, operating revenues in FY20 declined \$1,073,310 from FY19 due to Medicaid expansion. The decrease of \$819,588 was attributed to lower enrollments that had moved over to the Medicaid program, and \$253,723 from lower plan premiums.

Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2021 and 2020

	2021	2020	Change 2020 to 2021	2019	Change 2019 to 2020
Operating revenues	\$ 9,367,810	\$ 11,162,729	\$ (1,794,919)	\$ 12,236,039	\$ (1,073,310)
Operating expenses	9,553,011	9,342,066	210,945	18,955,135	(9,613,069)
Operating income (loss)	(185,201)	1,820,663	(2,005,864)	(6,719,096)	8,539,759
Non-operating revenues	775,870	389,964	385,906	149,113	240,851
Change in Net Position	590,669	2,210,627	(1,619,958)	(6,569,983)	8,780,610
Net Position, Beginning of Year	16,149,253	13,938,626	2,210,627	20,508,609	(6,569,983)
Net Position, End of Year	<u>\$ 16,739,922</u>	<u>\$ 16,149,253</u>	<u>\$ 590,669</u>	<u>\$ 13,938,626</u>	<u>\$ 2,210,627</u>

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the enterprise fund financial statements. The notes to the financial statements can be found on pages 12-19 of this report.

Economic Factors

YHI will continue to invest additional capital into its technology platform with a focus on continuous improvement of the consumer experience and the experience for its partners. These expenditures are related to an existing multi-year contract with its technology vendor and will be funded by assessment fees. In addition to the capital investments, YHI will utilize assessment fee revenues to fund operational activities during this same time period.

As mentioned above, YHI (per enabling legislation HB248) is restricted from using any state resources to fund its operations. As such, YHI has created a five-year financial forecast to evaluate the long-term sustainability of the exchange. As of June 30, 2021, YHI relies largely on a single source of revenue, assessment fees, which are earned on policies generated from YHI's state-based exchange platform. In April 2017, the Board approved the assessment fee rate at 2.29% for effectuations effective January 1, 2018. This rate continued effective through December 31, 2022, and YHI does not currently anticipate changing the assessment fee rate in the immediate future.

In November 2018, Idaho voters passed Proposition Two to expand Medicaid and provide coverage to individuals with an annual income up to 138% of the Federal Poverty Level (FPL). Prior to Medicaid expansion, eligible individuals with an annual household income between 100%-400% of the FPL could enroll with YHI and receive a tax credit to help reduce the cost of monthly insurance premiums. As of January 1, 2020, approximately 13,000 enrollments have moved from the exchange to Medicaid. This is about two-thirds of the original estimate and is lower due to customers increasing their income and therefore maintaining their tax credit and exchange coverage. Impacts from the global pandemic caused additional enrollment declines in the second half of calendar year 2020. As part of the American Rescue Plan Act, signed into law on March 11, 2021, tax credits for marketplace enrollees were enhanced and offered to consumers with income above 400% of the Federal Poverty Level. YHI opened a Special Enrollment Period which provided additional enrollments in the first half of calendar year 2021. These enhanced tax credits will continue through the end of 2022.

YHI will continue to rely on assessment fee revenues to operate the exchange. YHI's current financial projections assume that assessment fee revenues and other revenues of \$10.5M will be less than operating expenses of \$10.8M by approximately \$238K in FY22. This is due to planned increases in marketing spend to raise brand awareness and increase enrollment. Planned capital expenditures of \$1M will continue to invest in technology enhancements contributing to long-term sustainability. YHI currently has approximately \$10.0M in cash in reserves.

YHI anticipates FY22 assessment fee revenue will cover most operating expenses and capital investing activities; however, anticipates accessing cash reserves later in the fiscal year.

Contacting YHI Financial Management

This financial report is designed to provide a general overview of Idaho Health Insurance Exchange finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance at, Idaho Health Insurance Exchange or contact our website at www.yourhealthidaho.org.

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Statements of Net Position

June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 10,036,338	\$ 4,226,532
Investments	-	5,258,038
Receivables	5,631	395,738
Prepaid expenses	134,412	96,496
Total current assets	10,176,381	9,976,804
Property and Equipment, net	7,239,226	6,948,462
Total assets	\$ 17,415,607	\$ 16,925,266
Liabilities		
Accounts payable	\$ 68,279	\$ 258,415
Accrued expenses and other current liabilities	315,182	268,162
Accrued salaries and payroll costs	292,224	249,436
Total liabilities	675,685	776,013
Net Position		
Investment in capital assets	7,239,226	6,948,462
Unrestricted	9,500,696	9,200,791
Total net position	16,739,922	16,149,253
Total liabilities and net position	\$ 17,415,607	\$ 16,925,266

Idaho Health Insurance Exchange dba Your Health Idaho
 Statements of Revenues, Expenses and Changes in Net Position
 Years Ended June 30, 2021 and 2020

	2021	2020
Operating Revenue		
Assessment income	\$ 9,367,810	\$ 11,162,729
Total operating revenue	9,367,810	11,162,729
Operating Expenses		
Professional services	1,760,633	1,754,631
Depreciation and amortization	674,734	322,316
Marketing and advertising	881,818	792,032
Call center services	1,612,160	2,143,701
Payroll and related expenses	3,786,509	3,437,367
Insurance	146,709	156,880
Utilities	311,898	261,516
Rent	7,741	187,036
Office expenses	77,848	70,708
Travel and meals	15,423	33,366
Other operating expenses	277,538	182,513
Total operating expenses	9,553,011	9,342,066
Operating Income (Loss)	(185,201)	1,820,663
Non-Operating Revenues		
Interest income	42,079	137,280
Rents	721,407	239,682
Advertising income	12,384	13,002
Total non-operating revenues	775,870	389,964
Change in Net Position	590,669	2,210,627
Net Position, Beginning of Year	16,149,253	13,938,626
Net Position, End of Year	\$ 16,739,922	\$ 16,149,253

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Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Assessments received	\$ 9,757,917	\$ 10,767,144
Other income received	775,870	389,964
Cash paid to vendors for goods and services	(5,272,800)	(5,499,428)
Cash paid for employees services	(3,743,721)	(3,370,160)
Net Cash from Operating Activities	1,517,266	2,287,520
Investing Activities		
Acquisition of capital assets	(965,498)	(6,089,670)
Reinvestment of interest and dividends	-	(84,522)
Proceeds from the sale of investments	5,258,038	-
Net Cash from (used for) Investing Activities	4,292,540	(6,174,192)
Net Change in Cash and Cash Equivalents	5,809,806	(3,886,672)
Cash and Cash Equivalents, Beginning of Year	4,226,532	8,113,204
Cash and Cash Equivalents, End of Year	\$ 10,036,338	\$ 4,226,532
Reconciliation of Change in Net Position to Net Cash from operating activities		
Change in net position	\$ 590,669	\$ 2,210,627
Adjustments to reconcile change in net position to net cash from operating activities		
Depreciation and amortization	674,734	322,316
Change in assets and liabilities		
Prepaid expenses	(37,916)	(16,467)
Assessments receivable	390,107	(395,585)
Accounts payable	(190,136)	53,908
Accrued expenses and other current liabilities	47,020	44,656
Accrued salaries and payroll costs	42,788	68,065
Net Cash from Operating Activities	\$ 1,517,266	\$ 2,287,520

Note 1 - Principal Business Activity and Significant Accounting Policies**Financial Reporting Entity**

Idaho Health Insurance Exchange dba Your Health Idaho (YHI) was created as an independent body corporate and politic, meaning a "government entity", by the Idaho State Legislature under the provisions of House Bill No. 248. The Act empowers YHI to enhance Idaho residents' access to health insurance, by establishing a state-created, market-driven health insurance exchange that will facilitate the voluntary selection of individual and employer health benefit plans.

Although the State of Idaho considers YHI to be a component unit for financial reporting purposes in accordance with GASB Statement No. 14, *The Financial Reporting Entity*, and 39, *Determining Whether Certain Organizations are Component Units*, and the State's governor appoints the Board of Directors of YHI, YHI is legally separate from the State of Idaho, in that it is not a State agency under State law; and does not rely on State resources to support its operations.

Financial Statement Presentation

YHI is considered an enterprise fund and accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the balance sheet. YHI's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units using the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. YHI, regardless of the timing of cash flows, applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Federal grants related to the establishment and running of the exchange are included in operating revenues. Operating expenses for the proprietary fund include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Concentrations of Credit Risk

YHI maintains its cash accounts in various deposit accounts, the balances of which are periodically in excess of federally insured limits. Custodial credit risk is the risk that in event of failure of the counterparty, YHI will not be able to recover the value of its deposits or collateral securities that are in the possession of the outside party. The Federal Deposit Insurance Corporation (FDIC), insures \$250,000 of the bank balance. In the normal course of business YHI will hold balances in excess of the insurance limits. To reduce this risk, YHI has opened collateralized deposit accounts that are backed by Standby Letters of Credit rated Aaa/AA+. All cash balances are collateralized and insured.

Cash and Cash Equivalents

Cash and cash equivalents consists of highly liquid investments with an original maturity of three months or less.

Receivables and Credit Policy

Receivables due from carriers are uncollateralized carrier obligations due under normal trade terms requiring payment within 30 days from the invoice date. Receivables are stated at the amount billed to the customer. YHI does not charge interest on overdue customer account balances. Payments of receivables are allocated to the specific invoices identified on the carrier's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

YHI has not recorded an allowance for the receivable because all balances are deemed to be collectible.

Property and Equipment

Property and equipment is recorded at cost. Expenditures for renewals and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense. When equipment is retired or sold, the cost and related accumulated depreciation are eliminated from the accounts and the resultant gain or loss is reflected in income.

Depreciation is provided using the straight-line method, based on useful lives of the assets which range from three to forty years.

The Company reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, the manner in which the property is used, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment there was no impairment at June 30, 2021 and 2020.

Compensated Absences

YHI provides personal leave to all full time and part time employees (except those who work less than 30 hours a week.) It is paid to employees when taken and will also be paid to employees or their beneficiaries upon the employee's termination, retirement or death. The amount of unpaid personal leave accumulated by YHI employees is accrued as a liability in the financial statements. It is YHI's policy to cap compensated absences at 200 hours for each employee. Employees are also allowed to cash out hours down to 80 hours.

Net Position

Net position is displayed in three components as follows:

Investment in capital assets- Consist of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. At June 30, 2021 and 2020, YHI did not have any outstanding debt.

Restricted net position - Consist of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation. There is no restricted net position as of June 30, 2021 and 2020.

Unrestricted net position - All other net position that do not meet the definition of "invested in capital assets" or "restricted".

Revenue Recognition

On December 12, 2013; the Board of Directors of YHI adopted the Fee Assessment Policy #1. This policy established an assessment fee of 1.5% of the total premium due for individual and small group policies certified by the Exchange and sold through the Exchange's individual marketplaces. The Board of Directors approved an assessment fee rate of 1.99% on April 17, 2015 effective January 1, 2016. In March 2017, the Board of Directors approved an increase to the assessment fee to 2.29%, effective January 1, 2018. The assessment fee is assessed on and payable by the carriers.

YHI recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, or services have been rendered, the fee for the arrangement is fixed or determinable and collectability is reasonably assured.

Rental Revenue

The Company recognizes rental revenue prorate for each month of the related lease.

Advertising Costs

Advertising costs are expensed as incurred. Such costs approximated \$881,818 and \$792,032 for the years ended June 30, 2021 and 2020, respectively.

Subsequent Events

The Company has evaluated subsequent events through September 17, 2021, the date which the financial statements were available to be issued.

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Notes to Financial Statements

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Note 2 - Cash and Cash Equivalents

The carrying amounts of deposits and investments as of June 30, 2021 and 2020, are as follows:

	2021	2020
Carrying amount		
Cash and deposits	\$ 10,036,338	\$ 4,226,532
Total	\$ 10,036,338	\$ 4,226,532

Note 3 - YHI Investments

Available-for-sale securities include the following on June 30, 2020:

	Original Cost	Accrued Interest	Cost Plus Interest
Certificates of deposit	\$ 5,173,516	\$ 84,522	\$ 5,258,038

Actual maturities may differ from contractual maturities because some borrowers have the right to call or prepay obligations with or without call or prepayment penalties. The certificates of deposits matured in January 2021 and were not renewed.

Interest income consists of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Interest income	\$ 7,532	\$ 84,522

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Notes to Financial Statements

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Note 4 - Property and Equipment

Capital assets additions, retirements, transfers and balances for the year ended June 30, 2021, are as follows:

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Capital assets not being depreciated					
Trademark	\$ 12,000	\$ -	\$ -	\$ -	\$ 12,000
Land	850,000	-	-	-	850,000
Development in progress	407,666	968,043	-	(649,775)	725,934
	<u>407,666</u>	<u>968,043</u>	<u>-</u>	<u>(649,775)</u>	<u>725,934</u>
Total capital assets not being depreciated	<u>\$ 1,269,666</u>	<u>\$ 968,043</u>	<u>\$ -</u>	<u>\$ (649,775)</u>	<u>\$ 1,587,934</u>
Capital assets being depreciated					
Furniture and equipment	\$ 129,485	\$ -	\$ (2,342)	\$ -	\$ 127,143
Software and development	48,567,570	-	(203)	573,627	49,140,994
Computers	580,761	-	-	47,750	628,511
Buildings and improvements	4,050,000	-	-	13,214	4,063,214
Leasehold improvements	238,551	-	-	15,184	253,735
	<u>238,551</u>	<u>-</u>	<u>-</u>	<u>15,184</u>	<u>253,735</u>
Total capital assets being depreciated	<u>53,566,367</u>	<u>-</u>	<u>(2,545)</u>	<u>649,775</u>	<u>54,213,597</u>
Less accumulated depreciation for					
Furniture and equipment	\$ 63,403	\$ 20,930	\$ -	\$ -	\$ 84,333
Software and development	47,270,320	428,247	-	-	47,698,567
Computers	499,689	36,151	-	-	535,840
Buildings	42,671	106,814	-	-	149,485
Leasehold improvements	11,488	82,592	-	-	94,080
	<u>11,488</u>	<u>82,592</u>	<u>-</u>	<u>-</u>	<u>94,080</u>
Total accumulated depreciation	<u>\$ 47,887,571</u>	<u>\$ 674,734</u>	<u>\$ -</u>	<u>\$ -</u>	<u>48,562,305</u>
Net capital assets being depreciated	<u>\$ 5,678,796</u>				<u>\$ 5,651,292</u>
Capital assets, net	<u>\$ 6,948,462</u>				<u>\$ 7,239,226</u>

Idaho Health Insurance Exchange dba Your Health Idaho

Notes to Financial Statements

June 30, 2021 and 2020

Included in total capital asset increases for the year ended June 30, 2021, are transfers of \$649,775 from development in progress to software and development and acquisitions of \$573,627.

Capital assets additions, retirements, transfers and balances for the year ended June 30, 2020, are as follows:

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers</u>	<u>Balance June 30, 2020</u>
Capital assets not being depreciated					
Trademark	\$ 12,000	\$ -	\$ -	\$ -	\$ 12,000
Land	-	850,000	-	-	850,000
Development in progress	<u>791,623</u>	<u>1,189,670</u>	-	<u>(1,573,627)</u>	<u>407,666</u>
Total capital assets not being depreciated	<u>\$ 803,623</u>	<u>\$ 2,039,670</u>	<u>\$ -</u>	<u>\$ (1,573,627)</u>	<u>\$ 1,269,666</u>
Capital assets being depreciated					
Furniture and equipment	\$ 88,591	\$ -	\$ -	\$ 40,894	\$ 129,485
Software and development	47,350,243	-	-	1,217,327	48,567,570
Computers	498,906	-	-	81,855	580,761
Buildings	-	4,050,000	-	-	4,050,000
Leasehold improvements	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>233,551</u>	<u>238,551</u>
Total capital assets being depreciated	<u>47,942,740</u>	<u>4,050,000</u>	<u>-</u>	<u>1,573,627</u>	<u>53,566,367</u>
Less accumulated depreciation for					
Furniture and equipment	\$ 52,742	\$ 10,661	\$ -	\$ -	\$ 63,403
Software and development	47,027,947	242,373	-	-	47,270,320
Computers	479,705	19,984	-	-	499,689
Buildings	-	42,671	-	-	42,671
Leasehold improvements	<u>4,861</u>	<u>6,627</u>	<u>-</u>	<u>-</u>	<u>11,488</u>
Total accumulated depreciation	<u>\$ 47,565,255</u>	<u>\$ 322,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,887,571</u>
Net capital assets being depreciated	<u>\$ 377,485</u>				<u>\$ 5,678,796</u>
Capital assets, net	<u>\$ 1,181,108</u>				<u>\$ 6,948,462</u>

Included in total capital asset increases for the year ended June 30, 2020, are transfers of \$1,573,627 from development in progress to software and development and acquisitions of \$1,217,327.

Depreciation expense totaled \$674,734 and \$322,316 for the years ended June 30, 2021 and 2020, respectively.

Note 5 - Concentrations

The following table summarizes the Company's customer concentrations of revenue:

	<u>2021</u>	<u>2020</u>
Customer A (also a related party)	37.0%	37.0%
Customer B	42.0%	45.0%
Customer C	14.0%	16.0%

YHI has contracted with and is dependent upon an IT company to develop its core IT systems including but not limited to a web portal, enrollment system, and corresponding IT infrastructure. YHI has also contracted with the State of Idaho (also a related party) for eligibility determinations. The two entities represented 41% and 54% of accounts payable and accrued expenses for the years ended June 30, 2021 and 2020, respectively.

Note 6 - Risk Management

YHI maintains commercial insurance coverage for directors and officers, errors and omissions, tort claims, and property loss and other casualties. Workers compensation insurance is maintained through the state insurance fund.

Note 7 - Leases

The Company leases office and storage space under various long-term leases, cell towers under various long-term lease agreements. The following is a schedule of the payments to be received under those agreements.

<u>Years Ending June 30,</u>	
2022	\$ 608,037
2023	358,258
2024	38,893
2025	<u>19,734</u>
	<u>\$ 1,024,922</u>

Note 8 - Employee Benefit Plan

YHI sponsors a retirement plan under section 219(G)(5)(A) of the Internal Revenue Service Code covering substantially all employees. The plan provides that employees are eligible once they have surpassed their 90-day probationary period and can contribute up to \$13,500 in 2021 and \$13,500 in 2020 of their salary. YHI matches up to 3% of the participant's compensation in the calendar year. Participants are fully vested at all times. Total employer contributions under this plan were \$56,632 and \$49,203 for the years ended June 30, 2021 and 2020, respectively.

Note 9 - Compensated Absences

The following is a summary of changes in accrued compensated absences for the year ended June 30, 2021.

	2021				
	<u>7/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2021</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 108,523</u>	<u>\$ 218,885</u>	<u>\$ (194,605)</u>	<u>\$ 132,803</u>	<u>\$ 132,803</u>
	2020				
	<u>7/1/2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2020</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 89,922</u>	<u>\$ 187,857</u>	<u>\$ (169,256)</u>	<u>\$ 108,523</u>	<u>\$ 108,523</u>

The liability is recorded in accrued salaries and payroll costs on the Statements of Net Position.

Note 10 - Related Parties

Certain representatives from insurance carriers serve on YHI's Board. The representatives are not compensated by YHI for their services. Blue Cross of Idaho, an insurance company (also represented in the Board) provided medical insurance to the employees of YHI during the year ended June 30, 2021 and 2020. YHI paid a total of \$410,905 and \$407,150 in premiums to Blue Cross of Idaho for the years ended June 30, 2021 and 2020, respectively. YHI received assessment fees from Blue Cross of Idaho of \$3,472,607 and \$4,221,523 for the years ended June 30, 2021 and 2020, respectively.



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Idaho Health Insurance Exchange dba Your Health Idaho
Boise, Idaho

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Idaho Health Insurance Exchange dba Your Health Idaho (YHI), as of and for the year then ended June 30, 2021, and the related notes to the financial statements, which collectively comprise YHI basic financial statements and have issued our report thereon dated September 17, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered YHI 's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of YHI’s internal control. Accordingly, we do not express an opinion on the effectiveness of YHI’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether YHI 's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the printed text of the firm's name and location.

Boise, Idaho
September 17, 2021