



Financial Statements
June 30, 2023 and 2022

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 Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Idaho Health Insurance Exchange dba Your Health Idaho (YHI), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise YHI's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects the respective financial position of the business-type activities of YHI as of June 30, 2023 and 2022, and the respective changes in financial position and, cash flows thereof 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) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. 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 YHI, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, YHI has adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, for the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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.

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 YHI's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of YHI'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 YHI'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.

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 25, 2023 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.

The image shows a handwritten signature in black ink that reads "Eric Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
September 25, 2023

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, 2023 and 2022. 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 like 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, Idaho House Bill No. 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 \$22,476,269 in FY23, a decrease of \$288,100 over the prior year. Cash and prepaids decreased by \$372,270 and investments remained \$0. Receivables, increased \$182,807 and lease receivable decreased \$520,145. Capital assets, net of depreciation, increased \$421,508 related to the purchase of the YHI vehicle, building improvements, and computer equipment and software improvements.

In comparison, at the end of FY22 YHI reported assets of \$22,764,369, an increase of \$228,808 over FY21, driven by the cash and cash equivalents, and property and equipment offset by lease receivable.

YHI held cash and cash equivalents of \$9,973,477, a decrease of \$448,414 largely due to the increase in operating expenses due to implementation of Real Time Eligibility and the reduced grant funding. In FY22, cash increased \$385,553 over FY21 due to the receipt of the modernization grant funds.

Total liabilities and net position of \$22,476,269 comprised of subscription liabilities due to the adoption of GASB 96, lease deferred inflow of resources, and short-term payables of \$5,638,772. Liabilities increased \$293,132 due to costs associated with the design, development, and implementation of Real Time Eligibility, payroll liabilities and accrued expenses offset by the lease deferred inflow of resources which is the payment on the leases per GASB 87. The FY23 change in total net position saw a decrease of \$581,232 due to the modernization grant received in the prior year.

In comparison to FY22, total liabilities and net position decreased \$288,100. The net total liabilities and net position in FY23 is \$22,476,269 compared to \$22,764,369 in FY22.

Idaho Health Insurance Exchange dba Your Health Idaho

Management's Discussion and Analysis

June 30, 2023 and 2022

Condensed Statements of Net Position As of June 30, 2023 and 2022

	2023	2022	Change 2022 to 2023	2021 (as Restated)	Change 2021 to 2022 (as Restated)
Assets					
Cash and cash equivalents	\$ 9,973,477	\$10,421,891	\$ (448,414)	\$ 10,036,338	\$ 385,553
Receivables	203,436	20,629	182,807	5,631	14,998
Prepaid and other assets	231,252	155,108	76,144	134,412	20,696
Lease receivable	4,109,073	4,629,218	(520,145)	5,119,954	(490,736)
Capital Assets	7,959,031	7,537,523	421,508	7,239,226	298,297
Total Assets	22,476,269	22,764,369	(288,100)	22,535,561	228,808
Liabilities					
Accounts payable	48,492	172,696	(124,204)	68,279	104,417
Other liabilities	618,505	543,726	74,779	607,406	(63,680)
Subscription liabilities	862,702	-	862,702	-	-
Lease deferred inflow of resources	4,109,073	4,629,218	(520,145)	5,119,954	(490,736)
Total Liabilities	5,638,772	5,345,640	293,132	5,795,639	(449,999)
Net Position					
Net investment in capital assets	7,959,031	7,537,523	421,508	7,239,226	298,297
Unrestricted	8,878,466	9,881,206	(1,002,740)	9,500,696	380,510
Total Net Position	16,837,497	17,418,729	(581,232)	16,739,922	678,807
Total Liabilities and Net Position	\$ 22,476,269	\$22,764,369	\$ (288,100)	\$ 22,535,561	\$ 228,808

YHI incurred operational expenses of \$12,104,667 in FY23 related to the establishment and operation of the entity. This is an increase over FY22 of \$1,800,867 which was attributed to an increase in employee related costs, professional services, and marketing and advertising, and a decrease in call center services.

Operational expenses in FY22 were \$10,303,800, which was an increase over FY21 of \$750,789.

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

Professional services of \$3,142,268, which was an increase of \$1,370,793 over FY22, due to the implementation of Real Time Eligibility. Prior years were relatively flat year over year since FY20.

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Management's Discussion and Analysis

June 30, 2023 and 2022

Marketing and advertising of \$1,258,592 increased \$208,069 over FY21 mainly driven by the Always Present marketing and advertising campaign and community outreach. FY22 Marketing and Advertising of \$1,050,523, an increase of \$168,705 over FY21, is mainly driven by the launch of the Always Present marketing and advertising campaign which launched in March 2022. Marketing efforts include outreach and education, earned media, website maintenance, public relations, paid advertising, and related consulting, and market research.

Call center services of \$749,040 decreased \$810,024 over FY22 which was attributed to Advanced Premium Tax Credit (APTC) work moving away from Department of Health and Welfare and performed inhouse. Call center services in FY22 of \$1,559,064 decreased \$53,096 over FY21 which remained relatively flat. The current year expenses included costs for the services of the in-person assisters and tribal engagement costs, call center services, enrollment counselors, and related travel and training.

Payroll and related expenses of \$5,102,977 an increase of \$776,338 over FY22 driven primarily by filling of open positions and change in compensation structure, benefit costs, and related expenses. In FY22 payroll and related expenses of \$4,326,639, an increase of \$540,130 over FY21, driven primarily by filling of open positions, assuming the APTC eligibility work from the Department of Health and Welfare and change in compensation structure, benefit costs, and related expenses.

Utility related expenses of \$472,027 increased \$109,414 over FY22 mainly related to higher utility costs, moving the CSC telephony platform to SharpenCX, parking and grounds improvement, and general repairs and maintenance costs. FY22 utility expenses of \$362,613, an increase of \$50,715 over FY21, was mainly related to higher utility costs due to exceptionally warm weather and general repairs and maintenance costs.

Depreciation and amortization expense of \$755,334 increased \$49,340 from FY22 primarily due to technology developments. Depreciation expense in FY22 was \$705,994 and increased \$31,260 from FY21 primarily due to technology developments and capital investment in the building offset by revising the Real Time Eligibility contract period through FY29 and resetting useful life over the new contractual period.

Operating revenues of \$10,340,382 increased by \$1,020,373 over FY22 due to higher enrollments in the 1st half of the fiscal year and then in May 2023 enrollment exceeded budget due to additional enrollments as a result of Medicaid unwinding. In comparison, operating revenues in FY22 declined \$47,801 from FY21 mainly related to lower than anticipated average premiums which resulted in revenues being relatively flat.

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Management's Discussion and Analysis
June 30, 2023 and 2022

Condensed Statements of Revenues, Expenses, and Changes in Net Position Years Ended June 30, 2023 and 2022

	2023	2022	Change 2022 to 2023	2021	Change 2021 to 2022
Operating revenues	\$ 10,340,382	\$ 9,320,009	\$ 1,020,373	\$ 9,367,810	\$ (47,801)
Operating expenses	12,104,667	10,303,800	1,800,867	9,553,011	750,789
Operating income (loss)	(1,764,285)	(983,791)	(780,494)	(185,201)	(798,590)
Non-operating revenues	1,183,053	1,662,598	(479,545)	775,870	886,728
Change in Net Position	(581,232)	678,807	(1,260,039)	590,669	88,138
Net Position, Beginning of Year	17,418,729	16,739,922	678,807	16,149,253	590,669
Net Position, End of Year	\$ 16,837,497	\$ 17,418,729	\$ (581,232)	\$ 16,739,922	\$ 678,807

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 13-20 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 of 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 Idaho House Bill No. 248) 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. 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 March 2022, the Board approved the assessment fee rate at 2.49% for effectuations effective January 1, 2023.

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. Under the American Rescue Plan Act, the enhanced tax credits were to end at the end of 2022. On August 16, 2022, the Inflation Reduction Act was signed into law, extending the enhanced tax credits through the end of 2025.

In March 2020, the United States Department of Health and Human Services (HHS) declared a public health emergency (PHE) due to the covid-19 global pandemic. As part of the PHE, HHS issued the Medicaid Continuous Coverage requirement which meant that consumers found eligible for Medicaid during the PHE could not be disenrolled from Medicaid, regardless of their eligibility status. In December 2022, the Consolidated Appropriations Act decoupled the Medicaid Continuous Coverage requirements from the PHE. This decoupling became known as Medicaid unwinding and states could begin Medicaid eligibility re-evaluations as early as February 2023 with the first disenrollments occurring no earlier than April 1, 2023. As of February 1, 2023, the Idaho Department of Health and Welfare began the Medicaid eligibility re-evaluation process and estimated that it would take six months to complete the re-evaluation of 153,857 Idahoans on protected Medicaid. At that time, YHI estimated that 10,000 Idahoans on protected Medicaid would be tax credit eligible and enroll on the exchange. As of June 30, 2023, over 11,000 Idahoans previously on protected Medicaid have enrolled, exceeding our goal by over 10%.

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 \$14.1M will be less than operating expenses of \$14.2M by approximately \$79K in FY24. Planned capital expenditures of \$650K will continue to invest in technology enhancements contributing to long-term sustainability. YHI currently has approximately \$10.0M in cash in reserves.

YHI anticipates FY24 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.

Idaho Health Insurance Exchange dba Your Health Idaho

Statements of Net Position

June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 9,973,477	\$ 10,421,891
Receivables	203,436	20,629
Prepaid expenses	231,252	155,108
Total current assets	10,408,165	10,597,628
Lease Receivable	4,109,073	4,629,218
Capital Assets	7,959,031	7,537,523
Total assets	\$ 22,476,269	\$ 22,764,369
Liabilities		
Accounts payable	\$ 48,492	\$ 172,696
Accrued expenses and other current liabilities	145,106	163,055
Accrued salaries and payroll costs	473,399	380,671
Short-term subscription liabilities	177,993	-
Lease deferred inflow of resources	4,109,073	4,629,218
Long-term subscription liabilities	684,709	-
Total liabilities	5,638,772	5,345,640
Net Position		
Investment in capital assets	7,959,031	7,537,523
Unrestricted	8,878,466	9,881,206
Total net position	16,837,497	17,418,729
Total liabilities and net position	\$ 22,476,269	\$ 22,764,369

Idaho Health Insurance Exchange dba Your Health Idaho
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Revenue		
Assessment income	\$ 10,340,382	\$ 9,320,009
Total operating revenue	10,340,382	9,320,009
Operating Expenses		
Professional services	3,142,268	1,771,475
Depreciation and amortization	755,334	705,994
Marketing and advertising	1,258,592	1,050,523
Call center services	749,040	1,559,064
Payroll and related expenses	5,102,977	4,326,639
Insurance	184,542	156,922
Utilities	472,027	362,613
Rent	4,823	4,748
Office expenses	107,641	104,483
Travel and meals	64,752	37,789
Other operating expenses	262,671	223,550
Total operating expenses	12,104,667	10,303,800
Operating Loss	(1,764,285)	(983,791)
Non-Operating Revenues		
Interest income	229,880	25,063
Lease revenue	621,058	575,302
Lease interest income	131,801	146,953
Advertising income	-	8,840
Grant revenue	200,314	906,440
Total non-operating revenues	1,183,053	1,662,598
Change in Net Position	(581,232)	678,807
Net Position, Beginning of Year	17,418,729	16,739,922
Net Position, End of Year	\$ 16,837,497	\$ 17,418,729

Idaho Health Insurance Exchange dba Your Health Idaho

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Operating Activities		
Assessments received	\$ 10,157,575	\$ 9,305,011
Other income received	662,908	1,171,862
Cash paid to vendors for goods and services	(6,464,653)	(5,339,573)
Cash paid for employees services	(5,010,249)	(4,238,192)
Net Cash (used for) from Operating Activities	(654,419)	899,108
Financing Activities		
Receipts on leases	520,145	490,736
Net Cash from Financing Activities	520,145	490,736
Investing Activities		
Acquisition of capital assets	(314,140)	(1,004,291)
Net Cash used for Investing Activities	(314,140)	(1,004,291)
Net Change in Cash and Cash Equivalents	(448,414)	385,553
Cash and Cash Equivalents, Beginning of Year	10,421,891	10,036,338
Cash and Cash Equivalents, End of Year	\$ 9,973,477	\$ 10,421,891
Schedule of Non-Cash Activities		
Subscription liability for the acquisition of right to use subscription asset	\$ 862,702	\$ -
Reconciliation of Change in Net Position to Net Cash from operating activities		
Change in net position	\$ (581,232)	\$ 678,807
Adjustments to reconcile change in net position to net cash (used for) from operating activities		
Depreciation and amortization	755,334	705,994
Change in assets and liabilities		
Prepaid expenses	(76,144)	(20,696)
Assessments receivable	(182,807)	(14,998)
Lease receivable	(520,145)	(490,736)
Accounts payable	(124,204)	104,417
Accrued expenses and other current liabilities	(17,949)	(152,127)
Accrued salaries and payroll costs	92,728	88,447
Net Cash (used for) from Operating Activities	\$ (654,419)	\$ 899,108

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 the Idaho 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.

Capital Assets

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, 2023 and 2022.

Right to Use Subscription Information Technology Assets

Right to use subscription information technology (IT) assets are recognized at the subscription commencement date and represent YHI's right to use the underlying IT asset for the subscription term. Right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right to use subscription IT assets are amortized over the shorter of the subscription term or useful live of the underlying asset using the straight-line method. The amortization period is 6 years.

Long-Term Obligations

Subscription liabilities represent YHI's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by YHI.

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 60 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, 2023 and 2022, 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, 2023 and 2022.

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. In March 2022, the Board of Directors approved an increase to the assessment fee to 2.49%, effective January 1, 2023. 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.

Lease Revenue

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

Leases

As a lessor, YHI recognizes a lease receivable and a lease deferred inflow of resources at the commencement of the lease term, with certain exceptions for short-term leases. YHI does not derecognize the asset underlying the lease. The lease receivable is measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payment received at or before the commencement of the lease term that relate to future periods.

Advertising Costs

Advertising costs are expensed as incurred. Such costs approximated \$1,258,592 and \$1,050,523, for the years ended June 30, 2023 and 2022, respectively.

Implementation of GASB Statement No. 96

As of July 1, 2022, YHI adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The implementation of this standard establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. As a result of implementing this standard YHI recognized a right to use subscription asset and subscription liability of \$1,022,946 and \$839,613 as of July 1, 2022, respectively. As a result of these adjustments there was no effect on beginning net position due to the reclassification of \$183,333 of prepaid assets at June 30, 2022 to subscription asset at July 1, 2022. The additional disclosures required by this standard is included in Note 3.

Subsequent Events

The YHI has evaluated subsequent events through September 25, 2023, the date which the financial statements were available to be issued.

Note 2 - Cash and Cash Equivalents

The carrying amounts of deposits and investments as of June 30, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Carrying amount		
Cash and deposits	\$ 1,763,487	\$ 10,421,891
Certificates of deposit	8,209,990	-
	<u>\$ 9,973,477</u>	<u>\$ 10,421,891</u>
Total		

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Notes to Financial Statements

June 30, 2023 and 2022

Note 3 - Capital Assets

Capital assets additions, retirements, transfers and balances for the year ended June 30, 2023, are as follows:

	Balance June 30, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Capital assets not being depreciated					
Trademark	\$ 12,000	\$ -	\$ -	\$ -	\$ 12,000
Land	850,000	-	-	-	850,000
Development in progress	850,822	-	(48,146)	(802,676)	-
	<u>1,712,822</u>	<u>-</u>	<u>(48,146)</u>	<u>(802,676)</u>	<u>862,000</u>
Total capital assets not being depreciated	\$ 1,712,822	\$ -	\$ (48,146)	\$ (802,676)	\$ 862,000
Capital assets being depreciated					
Furniture and equipment	\$ 127,143	\$ 32,561	\$ -	\$ -	\$ 159,704
Software and development	49,940,156	-	-	745,493	50,685,649
Computers	628,511	56,544	-	57,183	742,238
Buildings and improvements	4,143,455	28,656	-	-	4,172,111
Leasehold improvements	253,735	84,075	-	-	337,810
	<u>55,093,000</u>	<u>201,836</u>	<u>-</u>	<u>802,676</u>	<u>56,097,512</u>
Total capital assets being depreciated	55,093,000	201,836	-	802,676	56,097,512
Less accumulated depreciation for					
Furniture and equipment	96,278	14,568	-	-	110,846
Software and development	48,148,954	451,352	-	-	48,600,306
Computers	579,742	65,256	-	-	644,998
Buildings	266,333	120,190	-	-	386,523
Leasehold improvements	176,992	80,673	-	-	257,665
	<u>49,268,299</u>	<u>732,039</u>	<u>-</u>	<u>-</u>	<u>50,000,338</u>
Total accumulated depreciation	\$ 49,268,299	\$ 732,039	\$ -	\$ -	\$ 50,000,338
Net capital assets being depreciated	\$ 5,824,701				\$ 6,097,174
Right to use subscription IT assets being amortized					
	\$ -	\$ 1,022,946	\$ -	\$ -	\$ 1,022,946
Less accumulated amortization	<u>-</u>	<u>23,089</u>	<u>-</u>	<u>-</u>	<u>23,089</u>
Net right to use subscription IT assets	<u>-</u>	<u>999,857</u>	<u>-</u>	<u>-</u>	<u>999,857</u>
Capital assets, net	\$ 7,537,523				\$ 7,959,031

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Notes to Financial Statements

June 30, 2023 and 2022

Included in total capital asset increases for the year ended June 30, 2023, are transfers of \$802,676 from development in progress to software and development and buildings and improvements and acquisitions of \$745,493.

Capital assets additions, retirements, transfers and balances for the year ended June 30, 2022, are as follows:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Capital assets not being depreciated					
Trademark	\$ 12,000	\$ -	\$ -	\$ -	\$ 12,000
Land	850,000	-	-	-	850,000
Development in progress	725,934	1,004,291	-	(879,403)	850,822
Total capital assets not being depreciated	\$ 1,587,934	\$ 1,004,291	\$ -	\$ (879,403)	\$ 1,712,822
Capital assets being depreciated					
Furniture and equipment	\$ 127,143	\$ -	\$ -	\$ -	\$ 127,143
Software and development	49,140,994	-	-	799,162	49,940,156
Computers	628,511	-	-	-	628,511
Buildings	4,063,214	-	-	80,241	4,143,455
Leasehold improvements	253,735	-	-	-	253,735
Total capital assets being depreciated	54,213,597	-	-	879,403	55,093,000
Less accumulated depreciation for					
Furniture and equipment	84,333	11,945	-	-	96,278
Software and development	47,698,567	450,387	-	-	48,148,954
Computers	535,840	43,902	-	-	579,742
Buildings	149,485	116,848	-	-	266,333
Leasehold improvements	94,080	82,912	-	-	176,992
Total accumulated depreciation	\$ 48,562,305	\$ 705,994	\$ -	\$ -	\$ 49,268,299
Net capital assets being depreciated	\$ 5,651,292				\$ 5,824,701
Capital assets, net	\$ 7,239,226				\$ 7,537,523

Included in total capital asset increases for the year ended June 30, 2022, are transfers of \$879,403 from development in progress to software and development and acquisitions of \$799,162.

Depreciation expense totaled \$732,039 and \$705,994, for the years ended June 30, 2023 and 2022, respectively.

Note 4 - Concentrations

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

	<u>2023</u>	<u>2022</u>
Customer A (also a related party through December 31, 2022)	30.0%	35.0%
Customer B	40.0%	39.0%
Customer C	0.0%	11.0%
Customer D	15.0%	12.0%

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 through June 30, 2022. The three entities represented 73% and two entities represented 24% of accounts payable and accrued expenses for the years ended June 30, 2023 and 2022, respectively.

Note 5 - 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 6 - Leases

The YHI leases office and storage space in their building under various long-term lease agreements. The following is a schedule of the payments to be received under those agreements.

Lease receivable				
For year-end June 30, 2023	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Lessor leases				
Building	<u>\$ 4,629,218</u>	<u>\$ -</u>	<u>\$ (520,145)</u>	<u>\$ 4,109,073</u>
Lease receivable				
For year-end June 30, 2022	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Lessor leases				
Building	<u>\$ 5,119,954</u>	<u>\$ -</u>	<u>\$ (490,736)</u>	<u>\$ 4,629,218</u>

Note 7 - 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 60-day probationary period and can contribute up to \$15,500 in 2023 and \$14,000 in 2022 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 \$72,135 and \$57,852, for the years ended June 30, 2023 and 2022, respectively.

Note 8 - Compensated Absences

The following is a summary of changes in accrued compensated absences for the years ended June 30, 2023 and 2022.

	2023				
	<u>7/1/2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2023</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 109,259</u>	<u>\$ 374,946</u>	<u>\$ (406,972)</u>	<u>\$ 77,233</u>	<u>\$ 77,233</u>
	2022				
	<u>7/1/2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>6/30/2022</u>	<u>Due Within One Year</u>
Compensated absences	<u>\$ 132,803</u>	<u>\$ 258,359</u>	<u>\$ (281,903)</u>	<u>\$ 109,259</u>	<u>\$ 109,259</u>

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

Note 9 - 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 on the Board) provided medical insurance to the employees of YHI from July 1, 2021- December 31, 2022. YHI paid a total of \$301,724 and \$457,390, in premiums to Blue Cross of Idaho for the fiscal years ended June 30, 2023 and 2022, respectively. YHI received assessment fees from Blue Cross of Idaho of \$3,094,109 and \$3,253,869, for the fiscal years ended June 30, 2023 and 2022, 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, 2023, and the related notes to the financial statements, which collectively comprise YHI basic financial statements and have issued our report thereon dated September 25, 2023.

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.

Report on 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 typed name and date.

Boise, Idaho
September 25, 2023