

**JARS HEALTH INVESTMENTS, LLC**

**DECEMBER 31, 2016**

**JARS HEALTH INVESTMENTS, LLC**

**C O N T E N T S**

---

	<u>Page</u>
<b>Independent Auditors' Report</b>	1 - 2
<b>Financial Statements – Cash Basis</b>	
Statement of Assets and Members' Capital	3
Statement of Income and Members' Capital	4
Notes to Financial Statements	5



*Stoy, Malone & Company, P.C.*  
*Certified Public Accountants*

705 York Road  
Baltimore, MD 21204  
410-828-1961  
Fax 410-821-8814

---

## **Independent Auditors' Report**

To the Members of  
JARS Health Investments, LLC

### **Report on the Financial Statements**

We have audited the accompanying financial statements of JARS Health Investments, LLC, which comprise the statement of assets and members' capital – cash basis as of December 31, 2016, and the related statement of income and members' capital – cash basis for the period of October 20, 2016 (date of inception) to December 31, 2016, and the related notes to 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 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.

**JARS HEALTH INVESTMENTS, LLC  
INDEPENDENT AUDITORS' REPORT (Cont'd.)**

---

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets arising from cash transactions of JARS Health Investments, LLC as of December 31, 2016, and its revenue collected and expense paid during the period of October 20, 2016 (date of inception) to December 31, 2016 in accordance with the cash basis of accounting described in Note 1.

**Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

*Stoy Malone Company, P.C.*  
Baltimore, Maryland  
April 26, 2017

**JARS HEALTH INVESTMENTS, LLC**  
**STATEMENT OF ASSETS AND MEMBERS' CAPITAL - CASH BASIS**  
**DECEMBER 31, 2016**

---

**ASSETS**

Cash and cash equivalents	\$ 3,006,164
Total assets	<u>\$ 3,006,164</u>

**MEMBERS' CAPITAL**

Members' capital	\$ 3,006,164
Total members' capital	<u>\$ 3,006,164</u>

The Notes to Financial Statements are an integral part of these statements.

**JARS HEALTH INVESTMENTS, LLC**  
**STATEMENT OF INCOME AND MEMBERS' CAPITAL - CASH BASIS**  
**FOR THE PERIOD OCTOBER 20, 2016 (DATE OF INCEPTION) TO DECEMBER 31, 2016**

---

**OTHER INCOME (EXPENSE)**

Interest income	\$ 6,326
Bank fees	<u>(162)</u>
Total other income (expense)	<u>6,164</u>

**NET INCOME** 6,164

**MEMBERS' CAPITAL**

Beginning of period	-
Capital contributions	<u>3,000,000</u>
End of period	<u>\$ 3,006,164</u>

The Notes to Financial Statements are an integral part of these statements.

**JARS HEALTH INVESTMENTS, LLC**  
**NOTES TO FINANCIAL STATEMENTS – CASH BASIS**

---

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

JARS Health Investments, LLC (“the Company”) is a Maryland limited liability company established in October 2016 to invest in a specific health insurance cooperative that operates in the state of Maryland.

**Basis of Accounting**

These financial statements are prepared on the cash basis of accounting; wherein certain revenues are recognized when received rather than when earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Consequently, no provision has been made for accounts receivable, accounts payable, and other accruals of income, expense, assets or liabilities.

**Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of money market accounts. The Company holds its cash accounts at a commercial bank. During the normal course of business, the Company may have funds on deposit which exceed the federally insured limits.

**Members’ Capital**

The Company is authorized to issue 6,000,000 class A units. All units are issued at a price equal to \$1 per unit. The number of units issued and outstanding at December 31, 2016 is 3,000,000.

**Income Taxes**

The Company is a limited liability company treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to its members. As such, no recognition of federal or state income taxes have been provided for in the accompanying financial statements.

**NOTE 2 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through April 26, 2017, the date that the financial statements were available to be issued. Except those noted below, no recognized or non-recognized subsequent events were identified for recognition or disclosure in the financial statements.

Subsequent to year end, the Company and members entered into an operating agreement effective January 13, 2017.

Subsequent to year end, 2,250,000 LLC units were issued for \$2,250,000 in cash.

Subsequent to year end, the Company entered into a note receivable agreement with the investee health insurance cooperative. The amount of the loan is \$2,500,000 with an interest rate of 8% and is due July 31, 2017.