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April 15, 2013

Community Health Solutions of America, Inc.
1000 118th Avenue N.
St. Petersburg, FL 33716

To the Board of Directors and Stockholders of
Community Health Solutions of America, Inc.

We have audited the accompanying balance sheet of Community Health Solutions of America, Inc. (a corporation) as of December 31, 2012, and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Health Solutions of America, Inc. as of December 31, 2012, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Edward Morrow, MBA, CPA, P.A.
Palm Harbor, Florida

Community Health Solutions of America, Inc.
Balance Sheet
As of

ASSETS

	December 31, 2012	December 31, 2011
CURRENT ASSETS		
Cash & Cash Equivalents	$ 7,193,169	$ 5,193,333
Accounts Receivable	36,962	1,654,491
Other Receivables	5,495	69,684
Intercompany Receivables	5,892,154	(359,396)
Deposits	65,311	65,311
Prepaid Expenses	5,342,233	250,331
Total Current Assets	$ 18,535,325	$ 6,873,756
PROPERTY AND EQUIPMENT		
Fixed Assets	$ 1,210,410	$ 1,356,532
Less: Accumulated Depreciation	(1,176,230)	(971,739)
Total Property and Equipment	$ 34,180	$ 384,793
OTHER ASSETS		
Intangible Assets	$ -	$ 1,146,300
Less: Accumulated Amortization	-	(521,407)
Mortgage Receivable	969,484	1,017,122
Total Other Assets	$ 969,484	$ 1,642,015
TOTAL ASSETS	$ 19,538,989	$ 8,900,563

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31, 2012	December 31, 2011
CURRENT LIABILITIES		
Accounts Payable	$ 1,471,477	$ 737,750
Accrued Expenses	3,384,868	1,725,992
Unearned Revenues	-	360
Current portion of Long-term Debt	88,606	140,084
Total Current Liabilities	4,944,951	2,604,185
LONG-TERM LIABILITIES		
Notes Payable	$ 415,000	$ 9,499
Total Long-Term Liabilities	$ 415,000	$ 9,499
Total Liabilities	$ 5,359,951	$ 2,613,685
STOCKHOLDERS' EQUITY		
Common Stock	$ 7,650,000	$ 2,150,000
Preferred Stock	-	5,575,000
Retained Earnings	6,529,038	(1,438,122)
Total Stockholders' Equity	$ 14,179,038	$ 6,286,878
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 19,538,989	$ 8,900,563

Community Health Solutions of America, Inc.
Statements of Operations and Changes in Shareholders' Equity
For the 12 Months Ended

	December 31, 2012		December 31, 2011	
Revenue				
Administration Fees	$	38,720,191	$	16,440,675
Total Revenue	$	38,720,191	$	16,440,675
Direct Expenses				
Medical Provider Fees	$	8,471,037	$	4,100,057
Consulting Fees		1,183,607		1,290,270
Third-Party Service Fees		15,953,623		1,645,362
Other Costs		184,773		(299)
Total Cost of Revenues	$	25,793,038	$	7,035,389
Gross Profit	$	12,927,153	$	9,405,286
Operating Expenses				
Sales Expenses	$	420,077	$	494,377
Corporate Employee Compensation		9,109,761		6,412,171
General & Administrative Expenses		4,563,517		2,794,027
Total Operating Expenses	$	14,093,355	$	9,700,575
Total Operating Loss	$	(1,166,202)	$	(295,289)
Shared Savings (net of Provider Payment)			$	1,730,507
Net Operating Income	$	(1,166,202)	$	1,435,217
Other Income/(Expenses)				
Software Development	$	-	$	(763,787)
Interest Expense		(423,557)		(469,628)
Management Fees		-		(7,000)
Shared Savings Settlement Expense (Net)		(1,716,679)		
Sale of Software		11,283,465		-
Total Other Expenses	$	9,143,229	$	(1,240,415)
Income (Loss) Before Income Taxes	$	7,977,027	$	194,802
Income Tax Expense		9,867		6,905
Net Income (Loss) After Taxes	$	7,967,160	$	187,897
Beginning Retained Earnings		(1,438,122)		(1,626,019)
Ending Retained Earnings	$	6,529,038	$	(1,438,122)

See accompanying notes and auditor's report

Community Health Solutions of America, Inc.
Statement of Cash Flows
For the 12 Months Ended

		December 31, 2012		December 31, 2011
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income (Loss)	$	7,967,160	$	187,897
Adjustments to reconcile Net Income (Loss) to net Cash:				
(Increase) Decrease in:				
Accounts Receivable	$	1,617,529	$	(1,632,774)
Other Receivables		64,189		(68,201)
Intercompany Receivables (Payables)		(6,251,550)		374,500
Deposits		-		(61,311)
Prepaid Expenses		(5,091,902)		(154,567)
Mortgage Receivable		47,638		(1,017,122)
Increase (Decrease) in:				
Accounts Payable		733,727		658,173
Accrued Expenses		(1,258,683)		954,569
Other Payables		2,914,901		-
Unearned Revenues		-		(1,210,433)
Depreciation and Amortization (Net)		431,174		948,185
Total Adjustments	$	(6,792,975)	$	(1,208,981)
Net Cash Provided By (Used In) Operating Activities	$	1,174,184	$	(1,021,084)
CASH FLOWS FROM INVESTING ACTIVITIES				
Fixed Assets		146,122		(811,571)
Intangible Assets		335,014		(1,146,300)
Net Cash Provided By Investing Activities		481,136		(1,957,871)
CASH FLOWS FROM FINANCING ACTIVITIES				
Long Term Debt	$	419,516	$	133,539
Common Stock		(75,000)		925,000
Preferred Stock		-		(90,000)
Net Cash Provided By Financing Activities		344,516		968,539
NET INCREASE (DECREASE) IN CASH	$	1,999,836	$	(2,010,415)
CASH AT BEGINNING OF PERIOD	$	5,193,333	$	7,203,748
CASH AT END OF PERIOD	$	7,193,169	$	5,193,333

See accompanying notes and auditor's report

Community Health Solutions of America, Inc.
Notes to December 31, 2012 Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business – Community Health Solutions of America, Inc., was incorporated in Florida in 2003, to obtain and manage state Medicaid and Children Health Insurance Programs (CHIP), and operates as an S Corporation for income tax purposes. CHS was awarded its first CHIP program from the state of Texas to create, grow and manage a medical provider network to meet the medical needs of its members. CHS was awarded the Florida CHIP program in the subsequent year. In 2005, CHS was awarded the South Carolina Medical Home Network (MHN) program, whereby Medicaid participants would select a medical home that would focus on primary care, coordination of services, and appropriate use of the health care system. This strategy envisioned use of managed care techniques long in practice among commercial insurance plans that would result in long-term savings through emphasis on prevention and quality, as well as greater budget predictability.

A MHN is composed of a contracted Primary Care Case Management (PCCM) organization and the primary care physicians enrolled in its network. The PCCM provides the infrastructure for the management of care, with the primary care physicians partnering with the beneficiary to manage care and authorize services rendered by other providers. The MHN is paid an administrative fee as well as an amount for "shared savings" that is calculated from a pre-determined formula if savings on claims payments are recognized. Conversely, should the costs associated with the enrolled MHN members exceed what the expected costs would have been in the MCO environment, the MHN is at risk for reimbursing the state up to all of the administrative fees paid to the MHN.

CHS offers clinical and preventive care programs to Commercial, Government and Private health insurers. Programs offered under the CHS umbrella of care include:

- Care Management
- Utilization Management
- Case Management
- Disease Management
- Wellness and Prevention
- 24/7 Nurse Triage Line
- Drug Utilization Management
- Network Development
- Member/Provider Relations
- Claims Adjudication

Basis of Presentation – The financial statements have been prepared in conformity with United States generally accepted accounting principles. All significant inter-company receivables are properly recorded and disclosed in the financial statements.

Use of Estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. In the preparation of these financial statements, estimates and assumptions have been made by management concerning the collectability of inter-company receivables which is the Company's most significant estimate; the selection of useful lives for fixed assets and intangible assets; provisions, if any, necessary for trade receivables, commitments and contingencies and accrued liabilities; the returns and discount rates from long-term assets; income tax valuation allowances; and other similar evaluations. Actual results could differ materially from those estimates.

Cash and Cash Equivalents – Cash and cash equivalents principally consist of demand deposits and certificates of deposit with financial institutions and having original maturities of twelve months or less at the date of purchase.

Accounts Receivable – Accounts receivable are stated at estimated net realizable values. Allowances are recorded, when necessary, in an amount considered by management to be sufficient to meet probable future losses related to uncollectible accounts.

Investments – At December 31, 2012 and 2011, the Company's investments, comprised of certificates of deposit, are classified as for sale and reported at fair value in accordance with Accounting Standards Codification (ASC) No. 320, *Investments – Debt and Equity Securities.* These securities are carried at fair market value, with unrealized gains and losses reported in other comprehensive income. Realized gains and losses on investments sold are included in net income and are derived using the specific identification method for determining the cost of services.

The fair value for fixed maturity securities is largely determined by third-party pricing service market prices based on reported trades, benchmark yields, issuer spreads, bids, offers, and estimated cash flows and prepayment speeds. Based on the typical trading volumes and the lack of quoted market prices for fixed maturities, third-party pricing services will normally derive the security prices through recent reported trades for identical or similar securities making adjustments through the reporting date based upon available market observable information as outlined above. If there are no recent reported trades, the third-party pricing services may use matrix or model processes to develop a security price where they develop future cash flow expectations based upon collateral performance and discount this at an estimated market rate. Included in the pricing for mortgage-backed and asset-backed securities are estimates of the rate of future prepayments of principal over the remaining life of the securities. Such estimates are derived based on the characteristics of the underlying structure and prepayment speeds previously experienced at the interest rate levels projected for the underlying collateral. Actual prepayment experience may vary from these estimates.

The Company regularly evaluates the amortized cost of investments compared to the fair value of those investments. The Company recognizes impairments of securities when a decline in fair value below the amortized cost basis is considered to be other than temporary. The evaluation includes the intent and ability to hold the security to recovery, and it is considered on an individual security basis, not on a portfolio basis. Impairment losses for mortgage-backed and asset-backed securities are recognized when an adverse change in the amount or timing of estimated cash flows occurs, unless the adverse change is solely a result of changes in estimated market interest rates. The Company also recognizes impairment losses when declines in fair values based on quoted prices are determined to be other than temporary.

The evaluation of impairment is a quantitative and qualitative process which is subject to risks and uncertainties such as changes in general economic conditions, the issuer's financial condition or near term recovery prospects, the effects of changes in interest rates or credit spreads, and the recovery period.

Unrealized gains and losses on available-for-sale investments are excluded from earnings and reported as accumulated other comprehensive income (loss), net of tax, unless the losses are determined to be other than temporary. Realized capital gains and losses are determined using the specific identification basis.

Investment income is recorded when earned. Premiums and discounts arising from the purchase of mortgage-backed and asset-backed securities are amortized into investment income over the estimated remaining term of the securities, adjusted for anticipated prepayments. The Company uses the prospective method to account for the impact on investment income of changes in the estimated future cash flows for these securities. Premiums and discounts on other fixed maturity securities are amortized using the interest method over the remaining term of the security.

Property, Equipment, and Capitalized Software – Property, equipment, and capitalized software are recorded at cost, less accumulated depreciation. Capitalized software consists of certain costs incurred in the development of internal-use software, including external direct costs of materials, services and payroll costs of employees devoted to specific software development. Depreciation expense is computed using Section 179 of the Internal Revenue Code. All assets are depreciated fully in accordance with the annual allowances of the Internal Revenue Code.

Amortization of capitalized lease assets is included in depreciation and amortization expense and accumulated depreciation. Amortization of leased assets and leasehold improvements is computed based on the shorter of the life of the lease or the useful lives of the leased assets.

Maintenance and repair costs are charged to expense during the period incurred. Major improvements that extend the lives of the assets are capitalized, and the useful lives are adjusted as necessary.

Beginning in 2011, the Company purchased customized external computer software to meet internal needs and has not and does not intend or plan to market this software externally, other than to affiliates. In accordance with ASC 350-40-25 and 350-50-25, the Company capitalized certain costs associated with the process of software development and implementation, with the remaining costs being expensed as incurred. Generally, capitalized costs included costs incurred in the development stages, with costs incurred in the planning and operating stages being expensed.

Fair Value of Financial Instruments – The carrying values of cash and cash equivalents, marketable securities, accounts receivable, and accounts payable and other accrued liabilities approximate fair value.

Valuation of Long-Lived Assets – The Company periodically evaluates the carrying value of long-lived assets when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when indicators of impairment are present and undiscounted cash flows estimated to be generated by the asset are less than the asset's carrying amount. In that event, a loss is recognized based on the amount by which the carrying value exceeds the fair market value of the long-lived asset. Fair market value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the related risk.

Capitalization of Expenditures – Expenditures in excess of $10,000 per item for improvements are capitalized and expenditures under $10,000 per item or repairs are expensed to operations as incurred. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in other income. Depreciation has been determined using Section 179 of the Internal Revenue Code.

Revenue Recognition – The gross billings that the Company charges its clients under its Client Services Agreements include billings for premiums, case management and provider network administration. All charges by the Company are invoiced monthly based on the client's fee schedule and volume processed. The Company accounts for its revenues using the accrual method of accounting. Under the accrual method of accounting, the Company recognizes its revenues in the period in which the client members are covered by the related benefits. The Company accrues revenues and unbilled receivables for administrative fees relating to the period of benefit coverage and/or premiums received but claims unpaid at the end of each period. In addition, the related costs of services are accrued as a liability for the same period. Subsequent to the end of each period, such costs are paid and the related service fees are billed.

The Company reports revenues from claims administration fees in accordance with Emerging Issues Task Force ("EITF") No. 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent. The Company reports as revenues, on a gross basis, the total amount billed to clients for professional administrative fees and other services agreed to by clients.* The Company reports revenues on a gross basis for these fees because the Company is the primary obligor and deemed to be the principal in these transactions under EITF No. 99-19.

Income Taxes – The Company accounts for income taxes under Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities, if any, are determined based on the differences between the financial statement and the tax basis of assets and liabilities using enacted tax rates currently in effect. There were no deferred tax assets or liabilities as of December 31, 2012.

Community Health Solutions of America, Inc.
Notes to December 31, 2012 Financial Statements

2. ACCOUNTS RECEIVABLE

Accounts Receivable represents monies due from clients in the course of normal business operations. Shared Savings Receivable represents "shared savings" that is calculated from a pre-determined formula when savings on claims payments are recognized. Accounts Receivable at December 31, 2012 consists of the following:

Payer Description	Balance @ 12/31/2012	Balance @ 12/31/2011
LA Department of Health & Human Services	$ 1,253	$ -
SC Department of Health & Human Services-Part A	-	402
SC Department of Health & Human Services-Part C	5,350	4,298
SC Department of Heatlh & Human Services-Pre-admission Screening	30,360	2,018
SC Department of Heatlh & Human Services-Shared Savings	-	1,647,774
Total Accounts Receivable	$ 36,962	$ 1,654,491

Management has determined that all Accounts Receivable represent current and valid receivables at December 31, 2012.

3. INTERCOMPANY RECEIVABLES

Intercompany receivables represent monies due to the Company from its various affiliates for monies advanced for its use as determined by the affiliates, including the provision of certain administrative services relative to the Company's operations and in the ordinary course of the Company's business. Intercompany receivables at December 31, 2012 consist of the following:

Affiliated Company	Balance @ 12/31/2012	Balance @ 12/31/2011
PEOple Premier, Inc.	$ 10,258	$ (514,834)
Premier Adminstrative Solutions, Inc.	94,961	124,926
Premier e-Processing, LLC.	-	8,061
Premier Servicing, LLC.	633	-
Premier Insurance Benefits, LLC.	275,787	
CD PEO Plus, LLC.	-	22,484
PEople Premier II, LLC.	34	(52)
CD Real Estate Holdings, LLC.	(450)	(48)
CHS-Louisiana	(2,202,235)	-
CHS-South Carolina	1,704,078	-
CHS-Shared Services	498,157	-
Clear Processing Solutions, LLC.	1,502,988	-
Clear Tec Solutions, LLC.	4,007,942	-
Humiverde, LLC.	-	67
Total Due from Affiliates	$ 5,892,154	$ (359,396)

Management has determined that all of the monies due or owed related parties are valid receivables and/or payables at December 31, 2012 and that all amounts due and/or owed will be received and/or paid by December 31, 2013.

4. PREPAID EXPENSES

Prepaid expenses consist of expenses that are paid in advance for premiums, bonding fees, computer licensing, administration fees and various other consulting fees. Prepaid expenses at December 31, 2012 consist of the following:

Expense Description	Balance @ 12/31/2012	Balance @ 12/31/2011
Bonds	$ 2,083	$ 25,000
Consulting Fees	-	3,483
Computer Software, Licensing & Support	-	34,172
Equipment	-	36,747
Insurance	221,806	125,369
Third Party Administration Fees	4,947,897	-
Healthy Rewards Program	118,051	-
Travel & Other	52,397	25,561
Total Prepaid Expenses	$ 5,342,233	$ 250,331

5. PROPERTY, EQUIPMENT AND ACCUMULATED DEPRECIATION

Expenditures in excess of $10,000 per item for improvements are capitalized and expenditures under $10,000 per item or repairs are expensed to operations as incurred. Upon sale or retirement, the cost and related accumulated depreciation and amortization are removed from the accounts and the resulting gain or loss, if any, is reflected in other income. Depreciation has been determined using Section 179 of the Internal Revenue Code whereby all assets are fully depreciated using the conventions set forth annually by the Internal Revenue Service. For fiscal year 2012, the maximum deduction was $139,000 and the maximum investment allowance was $560,000 for qualified expenditures.

Property, equipment, and capitalized software, along with accumulated depreciation and amortization consisted of the following:

Expense Description	Balance @ 12/31/2012	Balance @ 12/31/2011
Building and Leasehold Improvements	$ 754,402	$ 436,041
Computer Hardware & Software	216,466	594,073
Equipment	20,998	243,887
Furniture & Fixtures	218,544	82,530
Less: Accumulated Depreciation/Amortization	(1,176,230)	(971,739)
Total Property and Equipment	$ 34,180	$ 384,793

6. OTHER PAYABLES

Other Payables represent expenses incurred in the normal course of business operations. All other payables are considered current liabilities and will be paid within one year of incurring them. At December 31, 2012, accrued expenses consisted of the following items:

Community Health Solutions of America, Inc.
Notes to December 31, 2012 Financial Statements

Expense Description	Balance @ 12/31/2012	Balance @ 12/31/2011
Providers Payable	$ 414,457	$ -
Healthy Rewards Program	116,674	-
Shared Savings Settlement	1,730,510	-
Building Improvements Payable	414,285	-
Other Payables	240,384	1,408
Total Other Payables	$ 2,916,309	$ 1,408

7. ACCRUED EXPENSES

Accrued expenses represent expenses incurred in the normal course of business operations outside of typical vendors. All accrued expenses are considered current liabilities and will be paid within one year of incurring them. At December 31, 2012, accrued expenses consisted of the following items:

Affiliated Company	Balance @ 12/31/2012	Balance @ 12/31/2011
Employee Leasing Costs	$ 454,602	$ 272,464
Legal Fees	-	70,820
Consulting Fees	4,633	-
Insurance Premiums	3,182	-
Other Office Expenses	6,142	27,604
Shared Savings Payable	-	988,598
Website & Software Development Costs	-	366,505
Total Accrued Expenses	$ 468,559	$ 1,725,992

8. UNEARNED REVENUES

Unearned revenues represent amounts that have been pre-billed and collected, but relating to services to be performed in the future. For proper revenue recognition, these amounts are recognized as earned revenue as services are either performed or the billing period has lapsed. There was no Unearned Revenue at December 31, 2012.

9. RELATED PARTY TRANSACTIONS

On June 1, 2011, the Company paid off a mortgage held by CD Real Estate Holdings, LLC. (CD REH), an affiliate, in exchange for a fifteen year note (i.e. mortgage) payable of $1,400,000 at 5.375% interest. The note receivable is secured by certain property that the Company and affiliates occupy for office space and operational activities. The note is amortized as payments are received from CD REH.

On January 1, 2012, the Company entered into a sales agreement with Clear Tec Solutions, LLC. (CTS), an affiliate, whereby it exchanged certain internally-developed and customized software (Consensus), valued at $12,000,000, for specified Information Technology (IT) services. The proceeds of this sale were offset against Accounts Payable due to CTS and incurred in the course of normal business operations for IT services provided and relating to member services provided under the Company's agreement with South Carolina and Louisiana. Invoiced amounts for IT services provided by CTS are submitted monthly and the balance owed by CTS for Consensus is reduced accordingly. This process resulted in a prepaid expense of

$4,727,902 for IT fees as of December 31, 2012 from the original receivable balance that was computed at a discounted rate of $1.90 per member/per month.

10. BUSINESS CONCENTRATIONS

A significant portion of business written by the Company is for state governmental programs. Accordingly, the occurrence of adverse economic conditions, an adverse regulatory climate, or a disaster in the state could have a material adverse effect on the Company's business, although no such conditions have been encountered in the past.

On March 16, 2012, the Company entered in to a settlement agreement with the South Carolina Department of Health and Human Services (SCDHHS), whereby SCDHHS released certain withheld shared savings payments and acknowledged errors in their computation of the shared settlement payments to the Company resulting in a shared savings liability to the Company of $1,730,510 for the year ended December 31, 2012. Repayment of this liability is to begin in 2013, with $324,471 being withheld from each quarterly shared settlement payment during the year and resulting in repayment of approximately 75% of the amount due. The remaining 25% is scheduled to be repaid in the same manner during 2014.

For the year ended December 31, 2012, over 90% of the Company's total revenues were derived from state regulated programs. The Company is actively marketing its services to generate new customers and revenue resulting in some additional expense without current revenue being realized and recorded in the statement of operations.

Major competitors are Medical Care Organizations, including First Choice by Select Health, Absolute Total Care, Blue Choice Health Plan of South Carolina, and Absolute Total Care in South Carolina and Amerigroup, LaCare, Louisiana Health Connections, and United Healthcare Community Plan in Louisiana.

Other major competitors relative to the Company's Medical Homes programs are Carolina Medical Homes, LLC. and Palmetto Physician Connections, LLC.