Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Consolidated Financial Statements
and Supplementary Information
Years Ended December 31, 2014 and 2013

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.

BDO

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Contents

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Independent Auditor's Report

Board of Directors
Florida Peninsula Holdings, LLC
Boca Raton, Florida

We have audited the accompanying consolidated financial statements of Florida Peninsula Holdings, LLC and its wholly owned subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, the related consolidated statements of income and comprehensive income, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Florida Peninsula Holdings, LLC and its wholly owned subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

September 24, 2015

Consolidated Financial Statements

Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Consolidated Balance Sheets

December 31,		2014		2013
Assets				
Investments, at fair value				
Bonds	$	228,494,398	$	190,198,433
Preferred and common stocks		14,623,489		11,950,384
Other invested assets		12,397,524		6,015,638
Total investments, at fair value		255,515,411		208,164,455
Cash and cash equivalents		71,944,463		39,013,433
Accrued investment income		1,418,906		1,148,060
Premiums receivable		15,237,883		14,767,344
Reinsurance recoverable on paid losses		512,800		3,094,828
Reinsurance recoverable on unpaid losses		6,740,811		23,439,173
Prepaid reinsurance premiums		76,884,045		83,544,900
Funds held		-		16,691,443
Deferred policy acquisition costs, net		8,438,183		7,925,647
Income tax recoverable		411,498		509,896
Deferred income tax asset, net		4,013,451		4,398,670
Goodwill		3,479,391		3,479,391
Fixed assets (net of accumulated depreciation)		1,540,440		1,243,638
Other assets		3,448,856		5,223,208
Total Assets	$	449,586,138	$	412,644,086
Liabilities and Members' Equity				
Liabilities				
Reserves for losses and loss adjustment expenses	$	124,191,273	$	105,469,610
Unearned premiums		148,892,480		158,950,710
Premiums collected in advance		5,896,093		6,929,875
Reinsurance premiums payable		32,276,326		41,002,156
Income taxes payable		2,556,317		1,522,096
Notes payable		53,370,441		27,120,090
Other liabilities		5,723,416		7,672,123
Total liabilities		372,906,346		348,666,660
Members' Equity				
Class A members' capital		50		50
Class B members' capital		50		50
Accumulated other comprehensive income, net of tax		2,518,069		662,444
Retained earnings		74,161,623		63,314,882
Total members' equity		76,679,792		63,977,426
Total Liabilities and Members' Equity	$	449,586,138	$	412,644,086

See accompanying notes to consolidated financial statements.

Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Consolidated Statements of Income and Comprehensive Income

Year ended December 31,	2014	2013
Revenues		
Premiums earned	$ 140,596,666	$ 130,846,583
Net investment income	3,060,263	384,763
Net realized gain	3,031,527	5,176,708
Miscellaneous income	1,201,254	2,791,395
Total revenues	147,889,710	139,199,449
Losses and Expenses		
Losses and loss adjustment expenses incurred	46,729,698	50,015,105
Other operating costs and expenses	25,447,451	24,226,962
Depreciation expense	501,838	433,570
Amortization expense	516,985	742,623
Interest expense	2,574,605	1,113,441
Total losses and expenses	75,770,577	76,531,701
Income before Income tax expense	72,119,133	62,667,748
Income tax expense	13,072,392	9,258,620
Net income	59,046,741	53,409,128
Other comprehensive income		
Unrealized gain (loss) on appreciation of investments, net of taxes	1,855,625	(1,607,539)
Total Comprehensive Income	$ 60,902,366	$ 51,801,589

See accompanying notes to consolidated financial statements.

Florida Peninsula Holdings, LLC
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Consolidated Statements of Changes In Members' Equity

	Members' Capital	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)	Total Members' Equity
Balance, January 1, 2013	$ 100	$ 2,269,983	$ 45,305,754	$ 47,575,837
Net income	-	-	53,409,128	53,409,128
Unrealized loss on appreciation of investments, net of taxes	-	(1,607,539)	-	(1,607,539)
Member distributions	-	-	(35,400,000)	(35,400,000)
Balance, December 31, 2013	100	662,444	63,314,882	63,977,426
Net income	-	-	59,046,741	59,046,741
Unrealized gain on appreciation of investments, net of taxes	-	1,855,625	-	1,855,625
Member distributions	-	-	(48,200,000)	(48,200,000)
Balance, December 31, 2014	$ 100	$ 2,518,069	$ 74,161,623	$ 76,679,792

See accompanying notes to consolidated financial statements.

Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Consolidated Statements of Cash Flows

Year ended December 31,	2014	2013
Operating Activities		
Net income	$ 59,046,741	$ 53,409,128
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	3,384,951	5,839,678
Gain on sale of investments	(3,031,527)	(5,176,708)
Provision for deferred income taxes	(595,371)	389,798
Change in operating assets and liabilities:		
Premiums receivable	(470,539)	(2,014,249)
Reinsurance recoverable on paid losses	2,582,027	28,041,126
Reinsurance recoverable on unpaid losses	16,698,361	(21,944,263)
Prepaid reinsurance premiums	6,660,855	5,193,475
Income tax recoverable	98,398	(8,745)
Funds held	16,691,443	(16,691,443)
Deferred policy acquisition costs, net	(512,536)	(2,139,864)
Accrued investment income	(270,845)	(144,012)
Other assets	1,774,351	(5,075,855)
Reserves for losses and loss adjustment expenses	18,721,663	16,178,910
Unearned premiums	(10,058,230)	11,925,558
Premiums collected in advance	(1,033,782)	374,504
Reinsurance premiums payable	(8,725,830)	(7,074,567)
Income taxes payable	1,034,221	(623,668)
Other liabilities	(1,948,705)	(1,847,469)
Net Cash From Operating Activities	100,045,646	58,611,334
Investing Activities		
Proceeds from sale and maturities of investments:		
Bonds	72,011,809	94,427,668
Stocks	2,197,853	605,971
Proceeds from sale of fixed assets	-	3,750,232
Cost of investments acquired:		
Bonds	(108,831,206)	(133,727,990)
Stocks	(2,981,536)	(12,683,097)
Other invested assets	(6,700,000)	(6,000,000)
Cost of fixed assets acquired	(861,887)	(103,120)
Net Cash for Investing Activities	(45,164,967)	(53,730,336)
Financing Activities		
Proceeds from notes payable	40,000,000	-
Principal payments on notes payable	(13,749,649)	(5,163,030)
Member distributions	(48,200,000)	(35,400,000)
Net Cash for Financing Activities	(21,949,649)	(40,563,030)
Net increase (decrease) in cash and cash equivalents	32,931,030	(35,682,032)
Cash and Cash Equivalents, beginning of year	39,013,433	74,695,465
Cash and Cash Equivalents, end of year	$ 71,944,463	$ 39,013,433
Supplemental Cash Flow Information		
Cash paid for interest	$ 2,346,882	$ 1,113,441
Cash paid for income tax	13,012,832	8,093,788

See accompanying notes to consolidated financial statements.

1. Nature of Business and Significant Accounting Policies

Nature of Business

Florida Peninsula Holdings, LLC (FPH or the Company) is the holding company for a property and casualty insurance group domiciled in the State of Florida. FPH has four wholly owned subsidiaries: Florida Peninsula Insurance Company (FPI), Florida Peninsula Managers, LLC (FPM), The Windward Insurance Agency, LLC (Windward), and Florida Peninsula Claim Services, LLC (FPCS). FPI also has one wholly owned subsidiary, Edison Insurance Company (EIC). FPH and its consolidated subsidiaries are hereinafter collectively known as the Company.

FPM is the exclusive managing general agent of FPI and EIC (the Insurance Companies). The Insurance Companies write all business through FPM. FPM provides policy processing for the Insurance Companies including writing, collecting and servicing the policies. The Insurance Companies pay a commission to FPM for expenses incurred. The managing general agent (MGA) agreement is for a three-year period, with an option to renew for an additional two-year period.

Windward is the agent of record for policies written by the Insurance Companies that did not have an agent of record on the date of the take-out pursuant to the Depopulation Plan.

FPCS acts as an independent adjusting firm and claims vendor for both FPI and EIC. FPCS provides field adjusting services, liability claims handling, subrogation recovery and resolution of theft claims.

Basis of Presentation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which, as to the insurance subsidiaries, may vary in some respects from the statutory accounting practices which are prescribed or permitted by the Florida Office of Insurance Regulation (OIR). All intercompany accounts and transactions have been eliminated in consolidation. The significant accounting policies followed by the Company and its subsidiaries are summarized below. Certain prior year balances have been reclassified to conform to the current year presentation.

Cash and Cash Equivalents

Cash and cash equivalents include deposits in money market instruments with original maturities of three months or less and are recorded at cost, which approximates fair value.

Investments

Fixed maturities and equity securities are considered at the time of purchase as available-for-sale and are reported at fair value with unrealized gains and losses, net of deferred income taxes, included as a component of other comprehensive income within members' equity. Other invested assets are primarily senior floating rate loan funds classified as available-for-sale and carried at fair value.

Realized capital gains and losses on investments sold are determined using the specific identification method. Realized capital losses include write-downs for impairments considered to be other than temporary. The Company monitors its investment portfolio to identify investments that may be other-than-temporarily impaired. Investments that have significant unrealized losses are reviewed by management for indicators of other-than-temporary impairment.

Investment income is recognized as earned, net of related investment expenses.

Premiums

Premiums written are earned pro rata over the terms of the related policies and reinsurance contracts. Unearned premium liabilities are established for the unexpired portion of premiums written and are computed on a daily pro rata method for direct business.

Premium Receivables and Credit Procedures

Premium receivables are uncollateralized customer obligations due under normal terms requiring payment by the policy due date. Premiums unpaid by the policy due date are given advance notice of cancellation in accordance to each state's advance notice requirements. If premiums remain unpaid after the customer receives notice, the policy is cancelled.

Deferred Policy Acquisition Costs

Policy acquisition costs are expenses that vary with and are directly related to the successful acquisition of new and renewal business, such as commissions paid to agents and premium taxes. These costs are reduced for ceding allowances, and the net amount is amortized over the period during which the related premiums are earned (one year). The Company does not include investment income in its determination of future policy revenues.

Reserves for Losses and Loss Adjustment Expenses

The reserves for losses and loss adjustment expenses represent the estimated ultimate cost of all reported and unreported losses incurred during the period and the estimated loss adjustment expenses related to those losses. The company does not discount the reserve for losses and loss adjustment expenses. The reserves for unpaid losses and loss adjustment expenses are estimated using individual case-basis valuations and statistical analyses. These estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for losses and loss adjustment expenses are adequate. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes known; such adjustments are reflected in current operations.

These liabilities have been stated as gross of reinsurance amounts recoverable from other insurance companies.

Reinsurance

Reinsurance premiums, ceded losses and loss adjustment expenses and ceding commissions are accounted for on a basis consistent with that used in accounting for the original policies issued and the terms of the reinsurance contract.

Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Prepaid reinsurance premiums represent unearned premiums ceded to other insurance companies.

Reinsurance contracts do not relieve the Company from its primary obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk with respect to the individual reinsurer that participates in its ceded programs to minimize its exposure to significant losses from reinsurer insolvencies. The Company holds collateral as deemed appropriate to secure amounts recoverable from reinsurers.

Goodwill and Intangible Assets

In business combinations, including the acquisition of a group of assets, the Company allocates the purchase price to the net tangible and intangible assets acquired based on their relative fair values. Any portion of the purchase price in excess of this amount results in goodwill. Identifiable intangible assets with a finite useful life are amortized over the period that the asset is expected to contribute directly or indirectly to the future cash flows of the Company. Intangible assets and goodwill are subject to annual impairment testing, or whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

Loan Costs

Loan costs are capitalized and amortized over the life of the loan. Deferred costs and amortization were immaterial as of and for the years ended December 31, 2014 and 2013.

Advertising

The Company expenses advertising costs as incurred. Advertising costs were not considered significant in 2014 or 2013.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed principally by the straight-line method over the estimated useful lives of the assets, which generally range from three to seven years. The Company evaluates impairment of its property and equipment annually. Any items deemed to be impaired are charged to expense in the year in which the impairment occurs.

Amortization of leasehold improvements is provided on the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under that method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and the tax basis of assets and liabilities, and are measured using the enacted tax rates expected to be in effect when such amounts are realized or settled. Deferred tax assets are recorded net of valuation allowances, as deemed appropriate.

Uncertain Tax Positions

The Company follows the guidance of ASC 740-10-05, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This guidance prescribes a threshold for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management has evaluated all significant tax positions and determined that there are no situations where it is "more likely than not" that a position taken will not be upheld. Therefore, the Company has no liability recorded for uncertainty in income taxes. The Company's policy is to classify interest and penalties related to unrecognized tax positions in income before taxes. As of December 31, 2014 and 2013, the Company has no accrued interest or penalties related to unrecognized tax positions.

Other Comprehensive Income

Accumulated other comprehensive income is included within members' equity in the accompanying balance sheets and consists of changes in members' equity resulting from non-owner sources. Accumulated other comprehensive income as reported in the accompanying consolidated balance sheets represents unrealized gains and losses on available-for-sale securities, net of applicable income taxes.

Subsequent Events

The Company has evaluated all subsequent events through September 24, 2015, which is the date these financial statements were available to be issued. The Company determined there are no subsequent events which require disclosure under existing guidance.

Concentration of Risk

In 2014 and 2013, the Insurance Companies wrote homeowners' coverage in the State of Florida. The Insurance Companies' business could be impacted by negative effects of economic and political forces in Florida, continuing price pressure on new and renewal business, the ability to effectively manage expenses, market competition, and federal and state legislation or governmental regulations of insurance companies.

The Insurance Companies insure an area that is exposed to damage from hurricanes, tornadoes, hail and severe thunderstorms. The Insurance Companies purchase reinsurance to cover the 1:100 year Probable Maximum Loss from a loss by a hurricane as prescribed by Florida statute. However, a severe storm, depending on its path, could result in losses to the Insurance Companies exceeding its reinsurance protection, and could have a material adverse effect on the financial condition and results of operations of the Company.

Following are the most significant risks facing property-casualty insurers:

Legal regulatory risk is the risk that changes in the legal or regulatory environment in which an insurer operates will change and create additional loss costs or expense not anticipated by the insurer in pricing its products. That is, regulatory initiatives designed to reduce insurer profits or new legal theories may create costs for the insurer beyond those currently recorded in the financial statements. As the Company only writes its insurance business in Florida, these risks might have a more significant impact on the Company than on a more geographically diversified insurance company.

Credit risk is the risk that issuers of securities owned by the Company will default, or other parties, including reinsurers that owe the Company money, will not pay. The Company minimizes this risk by adhering to a conservative investment strategy and by contracting with reinsurance companies that meet certain rating criteria and other qualifications. The Company also obtains letters of credit or other collateral from their reinsurers as deemed appropriate.

Interest rate risk is the risk that interest rates will change and cause a decrease in the value of an insurer's investments. The Company mitigates this risk by attempting to match the maturity schedule of its investments with the expected payout of its liabilities. To the extent that liabilities come due more quickly than investments mature, an insurer would have to sell investments prior to maturity and recognize a gain or loss.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although the estimates are considered reasonable, actual results could differ from those estimates.

2. Investments

The amortized cost, gross unrealized gains and losses, and estimated fair value of investments in fixed maturities and preferred and common stocks are as follows:

December 31, 2014	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Bonds				
U.S. government	$ 19,444,965	$ 15,053	$ (68,543)	$ 19,391,475
States and political subdivisions	49,237,904	659,585	(13,381)	49,884,108
Corporate	113,065,737	2,873,856	(502,961)	115,436,632
Mortgage-Backed Securities				
U.S. government	8,293,320	110,991	(14,662)	8,389,649
Commercial	35,273,851	245,360	(126,677)	35,392,534
Total Bonds	$225,315,777	$ 3,904,845	$ (726,224)	$228,494,398
Preferred and Common Stocks	$ 13,428,401	$ 1,509,420	$ (314,332)	$ 14,623,489
Other Invested Assets	$ 12,700,000	$ -	$ (302,476)	$ 12,397,524

December 31, 2013	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Bonds				
U.S. government	$ 34,064,365	$ 6,172	$ (503,568)	$ 33,566,969
States and political subdivisions	9,856,429	14,421	(43,306)	9,827,544
Corporate	109,783,601	3,386,842	(1,050,855)	112,119,588
Mortgage-Backed Securities				
U.S. government	8,447,610	49,241	(121,690)	8,375,161
Commercial	26,323,765	150,864	(165,458)	26,309,171
Total Bonds	$188,475,770	$ 3,607,540	$ (1,884,877)	$190,198,433
Preferred and Common Stocks	$ 12,416,409	$ 134,803	$ (600,828)	$ 11,950,384
Other Invested Assets	$ 6,000,000	$ 15,638	$ -	$ 6,015,638

The amortized cost and estimated fair value of bonds at December 31, 2014, by contractual maturities, are shown below. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 29,147,163	$ 29,259,136
Due after one year through five years	106,291,975	106,902,534
Due after five years through ten years	56,506,763	57,714,984
Due after ten years	33,369,876	34,617,744
	$ 225,315,777	$228,494,398

Prepayment assumptions for mortgage-backed/asset-backed securities and collateralized mortgage obligations were generated using the purchase prepayment model. The purchase prepayment model uses a number of factors to estimate prepayment activity, including the time of year (seasonality), current levels of interest rates (refinancing incentives), economic activity (including housing turnover) and term and age of the underlying collateral (burnout, seasoning).

The Company has no securities with an other-than-temporary impairment wherein the Company has (a) an intent to sell or (b) an inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis. The Company did not recognize any other-than-temporary impairments on any securities during the year.

The following tables are an analysis of the estimated fair values and gross unrealized losses aggregated by bond category and length of time that the securities have been in the unrealized loss position:

	Less Than 12 Months			12 Months or Greater		
December 31, 2014	Estimated Fair Value	Unrealized Losses	# of Issuers	Estimated Fair Value	Unrealized Losses	# of Issuers
U.S. government	$ 10,438,281	$ (42,561)	20	$ 2,522,596	$ (25,982)	2
State and political subdivisions	7,731,690	(13,381)	8	-	-	0
Corporate bonds	40,807,295	(453,631)	100	2,699,410	(49,330)	9
Mortgage-backed securities	17,712,772	(77,636)	34	1,252,393	(63,703)	6
Total	$ 76,690,038	$ (587,209)		$ 6,474,399	$ (139,015)	

	Less Than 12 Months			12 Months or Greater		
December 31, 2013	Estimated Fair Value	Unrealized Losses	# of Issuers	Estimated Fair Value	Unrealized Losses	# of Issuers
U.S. government	$ 17,049,592	$ (436,229)	20	$ 696,903	$ (67,339)	1
State and political subdivisions	2,303,244	(43,306)	4	-	-	
Corporate bonds	32,932,424	(993,953)	105	2,643,154	(56,902)	10
Mortgage-backed securities	17,239,532	(230,198)	48	2,179,102	(56,950)	7
Total	$ 69,524,792	$ (1,703,686)		$ 5,519,159	$ (181,191)	

Through the Company's comprehensive evaluation, management concluded that the unrealized losses at December 31, 2014 and 2013 were caused by interest rate and temporary market fluctuations. At December 31, 2014 and 2013, the aggregate of unrealized losses related to securities rated below investment grade were not material. Based on the Company's impairment review process, the decline in value of these investments is not considered to be other-than-temporary.

Proceeds from sales of bonds and the related gross realized gains and losses were as follows:

Year ended December 31,	**2014**	2013
Proceeds	**$ 72,011,809**	$ 95,033,639
Gross gains	**3,375,574**	6,082,144
Gross losses	**(344,047)**	(299,465)

The Company is required to maintain a certain amount of cash and investments on deposit with the Office of Insurance Regulation of the State of Florida. At December 31, 2014 and 2013, the approximate statement value of these investments was $686,705 and $682,465, respectively. As such, these items are not available for current use unless replaced by an investment with a similar value.

Subprime Mortgage Related Risk Exposure

The Company's exposure to subprime mortgages is limited to investments within the fixed income investment portfolio which contains securities collateralized by mortgages that have characteristics of subprime lending. Such characteristics include an interest rate above prime to borrowers who do not qualify for prime rate loans, borrowers with low credit ratings (FICO scores), unconventionally high initial loan-to-value ratios and borrower with less than conventional documentation of their income and/or net assets. The Company minimizes risk exposure by holding securities which carry an average credit rating of AA+ and by monitoring the underlying collateral performance on an ongoing basis. The Company does not directly participate in mortgage lending; therefore, it does not have underwriting exposure to sub-prime mortgage risk. The fair value of subprime mortgage related risk exposures at December 31, 2014 and 2013 is not considered material to the consolidated financial statements.

Fair Value Measurements

The Company has categorized its recurring basis financial instruments based on the priority of the inputs to the valuation technique into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The inputs used to measure fair value may fall into different levels in the fair value hierarchy. The level within which the fair value measurement in its entirety falls have been determined based on the lowest level input that is significant to the fair value measurement in its entirely. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Company has identified and disclosed its financial assets in a fair value hierarchy, which consists of the following three levels:

Level 1 - inputs utilize quoted prices in active markets for identical assets that the Company has the ability to access. Actively traded is defined as securities that have traded within the past seven business days. Examples include a listed equity or fixed-income security traded on an exchange.

Level 2 - inputs utilize indirect observable inputs including prices for similar assets and market corroborated inputs. Examples would include asset-backed and mortgage-backed securities similar to other asset-backed and mortgage-backed securities observed in the market.

Level 3 - inputs are unobservable but are significant to the fair value measurement for the asset, and include situations where there is little, if any, market activity for the asset. These inputs reflect management's own assumptions about the assumptions a market participant would use, including assumptions about risk. Examples would include a private placement with minimal liquidity or a complex derivative.

The following tables present the Company's fair value hierarchy:

December 31, 2014	Level 1	Level 2	Level 3	Total
Financial Assets				
Bonds and mortgage backed securities	$ 17,378,102	$ 211,116,296	$ -	$ 228,494,398
Preferred and common stocks	11,356,004	3,267,485	-	14,623,489
Other invested assets	-	12,397,524	-	12,397,524
	$ 28,734,106	$ 226,781,305	$ -	$ 255,515,411

December 31, 2013	Level 1	Level 2	Level 3	Total
Financial Assets				
Bonds and mortgage backed securities	$ 138,230,948	$ 51,967,485	$ -	$ 190,198,433
Preferred and common stocks	11,950,384	-	-	11,950,384
Other invested assets	-	6,015,638	-	6,015,638
	$ 150,181,332	$ 57,983,123	$ -	$ 208,164,455

There were no transfers between Level 1, Level 2 or Level 3 securities during 2014 or 2013.

Other financial instruments consist of cash, receivables and payables. The carrying value of these financial instruments approximates fair value due to their short-term nature.

The fair value of the Company's notes payable approximates the carrying value based on the current rates offered to the Company for debt of similar maturities and interest rates.

The details of investment income, net of investment expenses, are as follows:

Year ended December 31,	**2014**	2013
Bonds	**$ 2,760,841**	$ 811,376
Preferred and common stocks	**1,157,614**	247,334
Cash and cash equivalents	**264,102**	106,988
Gross investment income	**4,182,557**	1,165,698
Investment expenses	**(1,122,294)**	(780,935)
Net Investment Income	**$ 3,060,263**	$ 384,763

3. Reinsurance

Certain premiums and losses are ceded to other insurance companies through various excess of loss reinsurance agreements. The ceded reinsurance agreements are intended to provide the Company with the ability to maintain its exposure to losses within its capital resources.

These reinsurance agreements do not relieve the Company from its primary obligation to policyholders, as it remains liable to its policyholders to the extent that any reinsurer does not meet its obligations for reinsurance ceded to it under reinsurance contracts. Therefore, the Company is subject to credit risk with respect to the obligations of its reinsurers, and any failure on the part of these reinsurers could have a material adverse effect on the Company's business, financial condition and results of operations. The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk with respect to the individual reinsurers that participate in its ceded programs to minimize its exposure to significant losses from reinsurer insolvencies.

To minimize the Company's exposure to losses from catastrophes, primarily hurricanes, the Company has entered into various catastrophe excess of loss agreements, in addition to its mandatory participation in the Florida Hurricane Catastrophe Fund (FHCF).

The Company's catastrophe reinsurance is intended to provide the following coverage in the event of a named hurricane for those policies assumed by the Company in connection with the Company's Takeout Premiums with Citizens, including renewals of these policies and to direct policies written during the term of the contract.

For the treaty period June 1, 2014 through May 31, 2015, the primary catastrophe excess of loss reinsurance (per occurrence) agreement has the following retention and limits:

	Coverage	In Excess Of	Participation
1st layer	$ 50,000,000	$ 25,000,000	100%
2nd layer	100,000,000	75,000,000	100
3rd layer	45,000,000	175,000,000	100

Additionally, on June 1, 2014, the Company purchased two 100% excess of loss top and drop contracts that provide $31,000,000 in excess of $25,000,000 for coverage of aggregate direct losses incurred for the period.

For the treaty period June 1, 2013 through May 31, 2014, the primary catastrophe excess of loss reinsurance (per occurrence) agreement has the following retention and limits:

	Coverage	In Excess Of	Participation
1st layer	$ 55,000,000	$ 25,000,000	100%
2nd layer	100,000,000	80,000,000	100
3rd layer	45,500,000	180,000,000	100

Additionally, on June 1, 2013, the Company purchased a 100% excess of loss contract that provides $28,000,000 of coverage in excess of $12,000,000 for aggregate direct losses incurred for the period.

The ultimate net loss for each of the above layers will include any recoveries from the FHCF or so deemed. The FHCF provides catastrophe coverage for named hurricanes up to a maximum limit of 90% of the amount of ultimate losses in the layer as determined by a premium formula. The Company's projected maximum payout from the FHCF is $424,698,466 and $446,641,909 with retention of $177,627,389 and $181,258,535 for the 2014/2015 and 2013/2014 catastrophe periods, respectively.

In 2014 and 2013, the Company entered into a reinstatement premium protection arrangement, in respect of the Company's multi-layer catastrophe excess of loss contracts as described above.

The Company also has a quota share reinsurance agreement whereby the Company cedes 40% of premiums and losses to third party reinsurers. Effective November 1, 2014, the prior quota share reinsurance agreement was commuted and replaced with a new agreement under substantially the same terms with the exception of a change in the amount of ceding commission received. As a result of the commutation agreement, a gain of approximately $7.5 million was recorded in the accompanying statement of income as a reduction in loss and loss adjustment expenses.

The effects of reinsurance on premiums written and earned are as follows:

	2014		2013	
Year ended December 31,	Written	Earned	Written	Earned
Direct and assumed premiums	**$ 307,191,897**	**$ 317,250,127**	$ 329,167,001	$ 317,241,443
Ceded premiums	**(169,992,607)**	**(176,653,461)**	(181,201,386)	(186,394,860)
Net Premiums	**$ 137,199,290**	**$ 140,596,666**	$ 147,965,615	$ 130,846,583

The Company had ceded losses and loss adjustment expenses of $45,374,168 and $34,706,354 in 2014 and 2013, respectively.

4. Fixed Assets

Fixed assets as of December 31, 2014 and 2013 are summarized as follows:

December 31,	2014	2013
Leasehold improvements	**$ 166,578**	$ 161,620
Furniture and fixtures	**628,977**	732,329
EDP equipment and software	**1,718,944**	1,019,985
	2,514,499	1,913,934
Less accumulated depreciation	**(974,059)**	(670,296)
	$ 1,540,440	$ 1,243,638

Depreciation and leasehold amortization expenses for the year ended December 31, 2014 and 2013 were $523,699 and $455,240, respectively.

5. Income Taxes

The Insurance Companies file a consolidated 1120PC federal income tax return as C corporations. FPH and FPM are limited liability companies, and any taxable income is taxed to the members at their personal level.

Total income tax expense is comprised of the following:

Year ended December 31,	2014	2013
Current income tax expense	$ 13,763,560	$ 9,177,223
Change in deferred income tax benefit	(595,371)	389,798
Prior year over accrual of income tax	(95,797)	(308,401)
Total Income Tax Expense	$ 13,072,392	$ 9,258,620

The components of the Insurance Companies' net deferred income tax asset are as follows:

Year ended December 31,	2014	2013
Total of all deferred tax assets	$ 9,006,242	$ 7,775,578
Total of all deferred tax liabilities	4,992,791	3,376,908
Net Deferred Income Tax Asset	$ 4,013,451	$ 4,398,670

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

December 31,	2014	2013
Deferred tax assets		
Discounting of unpaid losses	$ 2,974,962	$ 1,881,980
Unearned premiums reserve	6,014,326	5,763,498
Net operating losses	5,577,743	5,533,500
Other	16,954	-
Less valuation allowance	(5,577,743)	(5,403,400)
Total deferred tax assets	9,006,242	7,775,578
Deferred tax liabilities		
Unrealized gain	1,583,522	602,932
Deferred acquisition costs	3,257,772	2,773,976
Other	151,497	-
Total deferred tax liabilities	4,992,791	3,376,908
Net Deferred Income Tax Asset	$ 4,013,451	$ 4,398,670

The Company's actual income tax rates, expressed as a percent of net income before income tax expense, vary from statutory federal income tax rates due to the following:

	2014		2013	
Year ended December 31,	**Amount**	**Rate**	Amount	Rate
Income before taxes	**$ 72,119,133**		$ 62,667,748	
Members' income taxed at personal level	**(36,877,860)**		(36,882,105)	
Insurance companies income before taxes	**35,241,273**		25,785,643	
Income tax expense at statutory rate	**12,334,446**	**35%**	9,024,973	35%
Meals and entertainment	**123**		138	
State income tax	**1,272,210**		930,062	
Change in valuation allowance	**174,343**		(33,100)	
Other	**(612,933)**		(355,052)	
True-up related to prior years	**(95,797)**		(308,401)	
Income Tax Expense	**$ 13,072,392**	**37%**	$ 9,258,620	36%

At December 31, 2014, Edison had unused operating loss carryforwards of approximately $14,447,000 available to offset against future taxable income. However, because of limitations on the utilization of these loss carryforwards due to change in control provisions, it is considered more likely than not that these loss carryforwards will not be utilized and therefore a valuation allowance has been recorded against the deferred tax asset.

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6. Loss and Loss Adjustment Expenses

Activity in the reserve for loss and loss adjustment expenses is summarized as follows:

	2014	2013
Balances at January 1	$105,469,610	$ 87,795,790
Less reinsurance recoverables	23,439,173	1,494,910
Net balances at January 1	82,030,437	89,290,700
Incurred related to		
Current year	49,373,496	48,224,251
Prior years	(2,643,798)	1,790,854
Total incurred	46,729,698	50,015,105
Paid related to		
Current year	3,389,806	17,041,582
Prior years	7,919,867	40,233,786
Total paid	11,309,673	57,275,368
Net balances at December 31	117,450,462	82,030,437
Plus reinsurance recoverables	6,740,811	23,439,173
Balances at December 31	$124,191,273	$105,469,610

As a result of changes in estimates of insured events in prior years, the provision of losses and loss adjustment expenses decreased by $2,643,798 and increased by $1,790,854 in 2014 and 2013, respectively. Typically, increases or decreases of this nature occur as the result of claim settlements during the current year, and additional information received regarding individual claims causing changes from the original estimates of the cost of these claims. A majority of this development was due to adjustments related to sinkhole claims, which is consistent with industry developments in Florida in recent years. Recent loss development trends are also taken into account in evaluating the overall adequacy of unpaid losses and loss adjustment expenses.

7. Deferred Policy Acquisition Costs

Deferred policy acquisition costs consist of amounts paid for commissions, premium taxes, and certain management fees to the servicing companies net of ceding commissions received from the reinsurers. The policy acquisition costs net of ceding commissions that the Company has capitalized and is amortizing over the effective periods of the related policies are as follows:

December 31,	2014	2013
Deferred policy acquisition costs at beginning of year	$ 7,925,647	$ 5,785,783
Policy acquisition costs capitalized	45,990,604	44,299,892
Policy acquisition costs amortized	(45,478,068)	(42,160,028)
Deferred Policy Acquisition Costs at End of Year	$ 8,438,183	$ 7,925,647

Amortization of deferred policy acquisition costs of $45,478,068 and $42,160,028 for the years ended December 31, 2014 and 2013, respectively, is included in other operating costs and expenses on the statements of income.

8. Members' Equity

FPH has Class A, Class B and Class C members. The members participate in distributions from FPH in relation to their membership interest, as described in the membership agreement.

Dividend Restrictions and Minimum Capital Requirements for Property and Casualty Insurers

Under Florida law, insurance companies may pay dividends only out of available and accumulated surplus funds derived from realized net operating profits on their business and net realized capital gains, subject to approval of the Florida Office of Insurance Regulation.

As of December 31, 2014 and 2013, FPI's statutory capital and surplus was $106,979,337 and $71,154,644, respectively, which exceeded the minimum required surplus as regulated by Florida Statute Section 624.408 that requires the Insurance Companies to maintain a minimum level of surplus of not less than the greater of 10% of their total liabilities or $4,000,000. FPI reported statutory net income of $21,615,822 and $15,458,436 for the years ended December 31, 2014 and 2013, respectively.

As of December 31, 2014 and 2013, EIC's statutory capital and surplus was $20,000,000 and $4,000,000, respectively. EIC reported statutory net loss of $(571,420) and $(740,666) for the years ended December 31, 2014 and 2013, respectively.

Per the consent order issued by the OIR (Case #108190-09-CO) on December 31, 2009, item #15 states that FPI shall maintain no less than $4,000,000 in surplus for Edison Insurance Company at December 31, 2009. It further states that the $4,000,000 level may be maintained so long as Edison Insurance Company does not write any new business without approval from the OIR. During 2014, FPI contributed in the form of a surplus note, $16,000,000 of surplus into Edison. Effective September 18, 2014, the OIR issued a consent order allowing Edison to resume writing new residential property insurance policies in the State of Florida.

Risk-Based Capital

FPI and EIC are required to comply with the NAIC risk-based capital (RBC) requirements. RBC is a method of measuring the amount of capital appropriate for an insurance company to support its overall business operations in light of its size and risk profile. At December 31, 2014 and 2013, FPI's and EIC's total adjusted capital exceeds the risk-based capital company action level.

9. Goodwill

Goodwill was $3,479,391 as of December 31, 2014 and 2013. The Company recorded this goodwill as a result of the acquisition of Edison Insurance Group in 2010. The Company's goodwill at December 31, 2014 and 2013 is attributable to the book of policies along with the insurance company shell obtained as part of the purchase.

Goodwill is assessed for impairment on an annual basis and at any other time if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting segment below its carrying amount. Any potential impairment is identified by comparing the fair value of a reporting unit to its carrying value. If the fair value of the reporting segment exceeds its carrying value, goodwill is considered not to be impaired. If the carrying value of the reporting segment exceeds its fair value, a more detailed goodwill impairment assessment must be undertaken. A goodwill impairment charge is recognized to the extent that, at the reporting unit level, the carrying value of goodwill exceeds the implied fair value.

The Company tested goodwill associated with its reporting units for recoverability at December 31, 2014 and 2013. Based on the assessment performed, the Company concluded that goodwill was recoverable at December 31, 2014 and 2013.

10. Limited Liability Company

Because FPH, FPCS, FPM and Windward are limited liability companies, no member, manager, agent or employee of the companies shall be personally liable for the debts, obligations or liabilities of the companies, whether arising in contract, tort or otherwise, or for the acts of omissions of any other member, director, manager, agent or employee of the companies, unless the individual has signed a specific personal guarantee. The duration of FPH, FPCS, FPM and Windward is perpetual.

11. Commitments and Contingencies

FPM entered into a Master Business Process Outsourcing Services Agreement with Computer Sciences Corporation (CSC) effective January 1, 2008 for a period of six years from the date of live processing, whereby the Company grants authority to CSC to provide insurance office support, computer software programming and data processing services. This contract has been renewed through December 31, 2020. FPM incurred expenses of $10,372,989 and $9,329,984 as of December 31, 2014 and 2013, respectively, under this agreement.

The Company is subject to assessments by a Florida guaranty fund and residual market pool. The activities of these entities include collecting funds from solvent insurance companies to cover losses resulting from the insolvency or rehabilitation of other insurance companies, or deficits generated by the state residual market pools such as Citizens.

The Company's policy is to recognize its obligation for assessments when the Company has information available to reasonably estimate its liability. Guaranty fund assessments generally are available for recoupment from policyholders and, as such, amounts assessed are recorded as a recoverable asset. During 2014 and 2013, the Company did not receive any guaranty fund assessments nor were any related amounts payable at December 31, 2014 and 2013. Additionally, at December 31, 2014 and 2013, the Company recorded a recoupment receivable of $125,846 and $741,378, respectively, from policyholders relating to the assessments.

12. Notes Payable

Notes payable are summarized as follows:

December 31,	2014	2013
Note payable to Brooke Credit Corporation (Brooke) payable in monthly payments of $261,594 consisting of principal plus interest at Prime plus 5%, beginning January 15, 2007, Prime plus 3% beginning August 15, 2008 and the remaining balance due in full on November 16, 2016. Interest expense was $211,618 and $621,364 in 2014 and 2013, respectively.	$ -	$ 8,566,851
Note payable to Brooke payable in monthly principal payments plus interest at Prime plus 1.75% of $43,707 and the remaining balance due in full on December 27, 2016. Interest expense was $29,357 and $85,106 in 2014 and 2013, respectively.	-	1,457,650
Note payable to Transatlantic Reinsurance Company payable in monthly principal payments plus interest at a fixed rate of 8% per annum in the amount of $181,991 and the remaining balance due in full on May 15, 2024. Interest expense was $692,047 in 2014.	**14,418,108**	-
Note payable to Appleby Securities (Bermuda) Ltd. payable in monthly principal payments plus interest at a variable rate of LIBOR plus 7% per annum (but in no event greater than 10%) beginning May 15, 2014 (effectively 7.23% at December 31, 2014) and the remaining balance due in full on May 15, 2024. Interest expense was $937,353 in 2014.	**24,062,627**	-
Surplus note payable to the State Board of Administration of Florida, payable quarterly at a rate equivalent to the 10-year U.S. Treasury Bond rate (effectively 2.5% at December 31, 2014), with the remaining balance due in full of January 3, 2027. Interest expense in 2014 and 2013 was $444,420 and $406,971, respectively.	**14,889,706**	17,095,589
	$ 53,370,441	$ 27,120,090

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The following are maturities of notes payable for each of the next five years and thereafter:

Year ending December 31,	
2015	$ 5,102,053
2016	5,324,447
2017	5,570,955
2018	5,833,237
2019	6,116,177
Thereafter	25,423,572
	$ 53,370,441

The Company's debt agreement with Transatlantic contains certain restrictions and covenants, as follows, with which the Company was in compliance as of December 31, 2014.

i) The Insurance Companies must maintain a combined Debt to Capital Ratio no greater than 50%.
ii) The Company must maintain Debt Service Coverage Ratio of no less than 200%.

13. Leases

The Company is party to various lease agreements with unrelated parties. The minimum future rental payments under these leases at December 31, 2014 were as follows:

Year ending December 31,	
2015	$ 295,491
2016	295,491
2017	295,491
2018	295,491
2019	147,745
	$ 1,329,709

The Company incurred rent expense, including charges for operating expenses and taxes, of $675,884 and $688,919 for the years ended December 31, 2014 and 2013, respectively.

14. Retirement Plan

The Company has a retirement savings 401(k) plan in which substantially all employees may participate. The Company matches employees' contributions up to a maximum of 4% of the employees' contributions and also can elect to make discretionary contributions. The Company made contributions to the plan of $222,610 and $206,416 for the years ended December 31, 2014 and 2013, respectively.

Supplementary Information

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Independent Auditor's Report on Supplementary Information

Our audits of the financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BDO USA, LLP

September 24, 2015

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Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Consolidating Balance Sheet

December 31, 2014	Florida Peninsula Holdings	Florida Peninsula Managers	Florida Peninsula Claim Services	Winward Insurance Agency	Florida Peninsula Insurance Company	Edison Insurance Company	Intercompany Elimination	Consolidated
Assets								
Investments, at fair value								
Investments in subsidiaries	$ 49,000,000	$ -	$ -	$ -	$ 6,400,466	$ -	$ (55,400,466)	$ -
Bonds	-	-	-	-	210,407,116	18,087,282	-	228,494,398
Preferred and common stocks	-	-	-	-	14,623,489	-	-	14,623,489
Other invested assets	-	-	-	-	28,397,524	-	(16,000,000)	12,397,524
Total investments, at fair value	49,000,000	-	-	-	259,828,595	18,087,282	(71,400,466)	255,515,411
Cash and cash equivalents	199,684	10,540,699	835,938	302,128	58,453,057	1,612,957	-	71,944,463
Accrued investment income	-	-	-	-	1,335,836	83,070	-	1,418,906
Premiums receivable	-	-	-	-	15,162,592	75,291	-	15,237,883
Reinsurance recoverable on paid losses	-	-	-	-	251,059	261,741	-	512,800
Reinsurance recoverable on unpaid losses	-	-	-	-	6,403,462	337,349	-	6,740,811
Prepaid reinsurance premiums	-	-	-	-	76,839,649	44,396	-	76,884,045
Funds held	-	-	-	-	-	-	-	-
Deferred policy acquisition costs, net	-	-	-	-	8,430,115	8,068	-	8,438,183
Income tax recoverable	-	-	-	-	-	411,498	-	411,498
Deferred income tax asset, net	-	-	-	-	3,957,573	55,878	-	4,013,451
Goodwill	2,604,391	-	-	-	875,000	-	-	3,479,391
Intercompany receivable	5,700,000	87,194	-	-	243,121	(480,554)	(5,549,761)	-
Fixed assets (net of accumulated depreciation)	-	1,536,467	3,973	-	-	-	-	1,540,440
Other assets	97,761	2,588,669	4,137	-	757,664	625	-	3,448,856
Total Assets	$ 57,601,836	$ 14,753,029	$ 844,048	$ 302,128	$ 432,537,723	$ 20,497,601	$ (76,950,227)	$ 449,586,138
Liabilities and Members' Equity								
Liabilities								
Reserves for losses and loss adjustment expenses	$ -	$ -	$ -	$ -	$ 123,516,057	$ 675,216	$ -	$ 124,191,273
Unearned premiums	-	-	-	-	148,729,281	163,199	-	148,892,480
Premiums collected in advance	-	-	-	-	5,882,206	13,887	-	5,896,093
Reinsurance premiums payable	-	-	-	-	32,254,071	22,255	-	32,276,326
Income taxes payable	-	-	-	-	2,556,317	-	-	2,556,317
Notes payable	38,480,734	-	-	-	14,889,707	-	-	53,370,441
Intercompany payable	-	5,943,121	71,674	11,416	(480,554)	4,104	(5,549,761)	-
Other liabilities	-	4,419,638	52,900	-	1,134,119	116,759	-	5,723,416
Total liabilities	38,480,734	10,362,759	124,574	11,416	328,481,204	995,420	(5,549,761)	372,906,346
Members' Equity								
Class A members' capital	50	-	-	-	2,000,000	1,000,000	(3,000,000)	50
Class B members' capital	50	-	-	-	47,000,000	20,875,463	(67,875,463)	50
Accumulated other comprehensive income, net of tax	-	-	-	-	2,551,718	(33,649)	-	2,518,069
Retained earnings	19,121,002	4,390,270	719,474	290,712	52,504,801	(2,339,633)	(525,003)	74,161,623
Total members' equity	19,121,102	4,390,270	719,474	290,712	104,056,519	19,502,181	(71,400,466)	76,679,792
Total Liabilities and Members' Equity	$ 57,601,836	$ 14,753,029	$ 844,048	$ 302,128	$ 432,537,723	$ 20,497,601	$ (76,950,227)	$ 449,586,138

See accompanying notes to consolidated financial statements.

Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Consolidating Statement of Income

Year ended December 31, 2014	Florida Peninsula Holdings	Florida Peninsula Managers	Florida Peninsula Claim Services	Winward Insurance Agency	Florida Peninsula Insurance Company	Edison Insurance Company	Intercompany Elimination	Consolidated
Revenues								
Premiums earned	$ -	$ -	$ -	$ -	$ 140,589,531	$ 7,135	$ -	$ 140,596,666
Net investment income	16,008	4,761	-	-	3,002,546	36,948	-	3,060,263
Net realized gain (loss)	-	-	-	-	3,031,902	(375)	-	3,031,527
Commission income	-	95,101,627	-	-	-	-	(95,101,627)	-
Miscellaneous income	-	1,868,014	2,754,806	289,902	1,159,355	397	(4,871,220)	1,201,254
Total revenues	16,008	96,974,402	2,754,806	289,902	147,783,334	44,105	(99,972,847)	147,889,710
Losses and Expenses								
Losses and loss adjustment expenses incurred	-	-	-	-	64,929,932	722,273	(18,922,507)	46,729,698
Other operating costs and expenses	902	57,998,683	2,152,125	84,263	46,192,858	68,960	(81,050,340)	25,447,451
Depreciation expense	-	500,585	1,253	-	-	-	-	501,838
Amortization expense	6,056	510,929	-	-	-	-	-	516,985
Interest expense	1,662,092	240,370	-	-	444,420	227,723	-	2,574,605
Total losses and expenses	1,669,050	59,250,567	2,153,378	84,263	111,567,210	1,018,956	(99,972,847)	75,770,577
Income before income tax expense (benefit)	(1,653,042)	37,723,835	601,428	205,639	36,216,124	(974,851)	-	72,119,133
Income tax expense (benefit)	-	-	-	-	13,388,508	(316,116)	-	13,072,392
Net Income (Loss)	$ (1,653,042)	$ 37,723,835	$ 601,428	$ 205,639	$ 22,827,616	$ (658,735)	$ -	$ 59,046,741

See accompanying notes to consolidated financial statements.

Florida Peninsula Holdings, LLC
and Its Wholly Owned Subsidiaries

Statements of Income (Lender Requested Format)

Year ended December 31,		2014		2013
Revenues				
Premiums earned	$	140,596,666	$	130,846,583
Net investment income		3,060,263		384,763
Net realized gain		3,031,527		5,176,708
Miscellaneous income		1,201,254		2,791,395
Total revenues		147,889,710		139,199,449
Losses and Other Operating Expenses				
Losses and loss adjustment expenses incurred		46,729,698		50,015,105
Other operating costs and expenses		25,447,451		24,226,962
Total losses and other operating expenses		72,177,149		74,242,067
EBITDA (Earnings before interest, tax, and depreciation and amortization)		75,712,561		64,957,382
Depreciation expense		501,838		433,570
Amortization expense		516,985		742,623
Interest expense		2,574,605		1,113,441
Income before income tax expense		72,119,133		62,667,748
Income tax expense		13,072,392		9,258,620
Net income		59,046,741		53,409,128
Other comprehensive income				
Unrealized gain (loss) on appreciation of investments, net of taxes		1,855,625		(1,607,539)
Total Comprehensive Income	$	60,902,366	$	51,801,589

See accompanying notes to consolidated financial statements.