



INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors
North Carolina Health Insurance Risk Pool, Inc
d/b/a Inclusive Health
Raleigh, North Carolina 27612

We have compiled the accompanying Statement of Net Assets of North Carolina Health Insurance Risk Pool, Inc. (an IRC Section 501(c)(26) corporation) ("the Company") as of September 30, 2011, the related Statement of Revenues, Expenses and Changes in Fund Net Assets for the month and year to date period then ended and the accompanying Statement of Revenues and Expenses Budget to Actual for the month then ended, which is presented only for supplementary analysis purposes. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statements of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statements of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

The accompanying supplementary Statement of Revenues and Expenses Budget to Actual have been compiled by us from information that is the representation of management of the Company. We have not audited or reviewed such information and, accordingly, do not express an opinion or any form of assurance on it. The Statement of Revenues and Expenses Budget to Actual are presented for purposes of additional analysis and is not a required part of the basic financial statements.

McGladrey & Pullen, LLP

Raleigh, North Carolina
October 25, 2011

North Carolina Health Insurance Risk Pool, Inc.
Statement of Net Assets
As of September 30, 2011

ASSETS

Current Assets

Checking/Savings

Cash-State-BB&T-Operating Acct	\$ 870,408
Cash-State- BB&T-Master Account	2,301,289
Cash-State-BB&T-Money Market Acct	3,536,138
First Citizens Trust Services-Market Value	34,828,150
Cash-Federal-BB&T-Operating Account	(328,095)
Cash-Federal-BB&T-Master Account	4,354,647

Total Checking/Savings	45,562,536
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Other Current Assets

A/R - State MedTrak Pharmacy Rebates	909,640
A/R - Federal Medtrak Pharmacy Rebates	146,740
Due from HHS-Federal Risk Pool	-
Due from Federal Risk Pool	(150,383)
Grant Receivable Federal CMS \$2,081,586	536,571
Grant Receivable Federal CMS #3	2,222,099
Prepaid Rent	1,541
Prepaid expenses	97,060
Prepaid Insurance	11,311
Unpaid Billed Balance-Federal	11,930
Unpaid Billed Balance-State	(33,238)
Allowance for Doubtful Accounts	(5,000)

Total Other Current Assets	3,748,272
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Total Current Assets	49,310,808
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Fixed Assets

Furniture and Equipment	12,623
Accumulated Depreciation	(6,993)

Total Fixed Assets	5,630
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TOTAL ASSETS	\$ 49,316,439
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LIABILITIES & NET ASSETS

Liabilities

Current Liabilities

Accounts Payable	\$ 74,237
Due to the State Risk Pool	(150,383)
Claims Payable - State Risk Pool	2,104,123
Claims Payable - Federal Risk Pool	209,971
Unprocessed premiums & adjustments-State	(6,527)
Unprocessed premiums & adjustments - Federal	(2,485)
Unearned Premiums-State	411,748
Unearned Premiums-Federal	3,850

See Independent Accountant's Compilation Report

North Carolina Health Insurance Risk Pool, Inc.
Statement of Net Assets
As of September 30, 2011

Pending Premiums-State	(186)
Unearned Revenue - Federal Grant #2	154,775
Unearned Revenue - Federal Grant #3	2,222,099
IBNR Reserves - State Risk Pool	4,683,000
IBNR Reserves - Federal Risk Pool	2,015,000
Loss Adjustment Expense Reserve - State	786,000
Loss Adjustment Expense Reserve - Federal	247,000
Obligated on CMS Subsidy Grant	381,796
Escheats Fund Payable	3,858
Payroll Liabilities	5,382
Total Current Liabilities	13,143,260
 Total Liabilities	 13,143,260
 Net Assets:	
Invested in capital assets	5,804
Unrestricted Net Assets	36,167,375
Total Net Assets	36,173,179
 TOTAL LIABILITIES & NET ASSETS	 \$ 49,316,439

North Carolina Health Insurance Risk Pool, Inc.
DBA Inclusive Health
Statement of Revenues, Expenses and Changes in Fund Net Assets

	State Risk Pool		Federal Risk Pool		Total	
	One Month Ended September 30, 2011	Three Months Ended September 30, 2011	One Month Ended September 30, 2011	Three Months Ended September 30, 2011	One Month Ended September 30, 2011	Three Months Ended September 30, 2011
Operating Revenue						
Monthly Premiums	\$ 3,337,266	\$ 9,859,829	\$ 699,127	\$ 1,895,792	\$ 4,036,394	\$ 11,755,622
Rebate - Pharmacy	341,780	341,780	66,500.00	66,500.00	408,280	408,280
Grant -Federal CMS - No 2- \$2,081,586	183,496	562,850	-	-	183,496	562,850
Federal Risk Pool Reimbursement			517,259	3,082,738	517,259	3,082,738
Self-funded Premium Subsidy	(46,124)	(46,124)			(46,124)	(46,124)
Total Operating Revenue	3,816,418	10,718,336	1,282,886	5,045,030	5,099,304	15,763,366
Operating Expenses						
Plan Expenses						
Medical Claim Costs	1,902,427	5,226,284	797,124	2,494,831	2,699,551	7,721,115
Pharmacy Claims Costs	1,798,966	5,120,683	348,171	974,853	2,147,137	6,095,536
Claim Costs - IBNR	700,000	700,000	188,000	188,000	888,000	888,000
Change in Loss Adjustment Reserve	249,000	249,000	115,000	115,000	364,000	364,000
Producer Compensation	74,316	206,000	34,600	99,650	108,916	305,650
Stop Loss Expense	83,196	240,776	-	-	83,196	240,776
Total Plan Expenses	4,807,905	11,742,743	1,482,895	3,872,334	6,290,800	15,615,077
Contractual Expenses						
Legal Services	888	4,191	588	3,341	1,475	7,532
Accounting Services	3,225	17,045	3,150	16,896	6,375	33,941
Audit Services	-	-	-	-	-	-
Admin Services	264,482	721,098	87,413	240,566	351,895	961,664
Admin Services - Pharmacy	37,448	107,745	11,758	30,923	49,205	138,668
Communication/Outreach	5,935	14,111	14,350	22,989	20,284	37,100
PBM Procurement	394	394	394	394	788	788
Actuarial Services	9,063	15,424	1,100	6,265	10,163	21,689
Total Contractual Expenses	321,433	880,008	118,752	321,374	440,185	1,201,382
Personnel Expense						
Regular Salaries	10,425	31,275	10,425	31,275	20,850	62,550
Social Security	769	2,319	769	2,319	1,538	4,639
FUTA/SUTA	-	-	-	-	-	-
Employee Health Insurance	485	1,455	485	1,455	970	2,910
Employee Life Insurance	111	484	111	484	223	967
HSA Contributions	-	136	-	136	-	272
Workers Comp Insurance	73	218	73	218	145	436
Company Match 401K	625	1,877	626	1,877	1,251	3,753
Transportation Air - Out of State	13	419	13	419	25	838
Transportation Ground - In State	43	358	43	358	86	717
Lodging	-	-	-	-	-	-
Meals	56	228	56	228	112	457
Miscellaneous	-	-	-	-	-	-
BD/Non-Employee Transportation	-	421	-	421	-	841
BD/Non-Employee Subsistence	-	1	-	1	-	2
Total Personnel Expense	12,600	39,191	12,600	39,191	25,200	78,383
Vendor/Admin Expenses						
Rent/Lease - Buildings/Office	770	2,311	770	2,311	1,541	4,623
Telephone Service	188	717	188	717	377	1,434
Cellular Phone Services	182	182	182	182	364	364
Internet Service Provider Charges	-	20	-	20	-	40
Postage, Freight & Delivery	212	537	247	247	459	784
Liability Insurance	746	2,238	746	2,238	1,492	4,477
General Office Supplies	-	379	-	379	-	758
Computer/IT Support Services	124	124	124	124	249	249
Furniture - Office	-	-	-	-	-	-
Equip-Voice Communication	-	-	-	-	-	-
PC Software	-	-	-	-	-	-
Membership Dues & Subscriptions	-	-	-	-	-	-
Property Taxes	-	4,499	-	57	-	4,556
Bank Service Charges	1,573	57	1,428	3,909	3,001	3,966
Total Vendor/Admin Expenses	3,796	11,065	3,687	10,185	7,483	21,251

See Independent Accountant's Compilation Report

North Carolina Health Insurance Risk Pool, Inc.
DBA Inclusive Health
Statement of Revenues, Expenses and Changes in Fund Net Assets

	State Risk Pool		Federal Risk Pool		Total	
	One Month Ended September 30, 2011	Three Months Ended September 30, 2011	One Month Ended September 30, 2011	Three Months Ended September 30, 2011	One Month Ended September 30, 2011	Three Months Ended September 30, 2011
Other Expense						
Depreciation Expense	173	520	-	-	173	520
First Citizens Investment Expense	6,314	18,235	-	-	6,314	18,235
Total Other Expense	6,488	18,756	-	-	6,488	18,756
Total Operating Expenses	5,152,221	12,691,763	1,617,934	4,243,085	6,770,155	16,934,847
Operating Income (Loss)	(1,335,804)	(1,973,427)	(335,048)	801,945	(1,670,851)	(1,171,482)
Non-Operating Revenue						
State Aid - SHP Fund	-	-	-	-	-	-
Interest & Investment Income	(16,955)	16,779	-	-	(16,955)	16,779
Total Non-Operating Revenue	(16,955)	16,779	-	-	(16,955)	16,779
Increase (decrease) in Net Assets	(1,352,759)	(1,956,648)	(335,048)	801,945	(1,687,806)	(1,154,702)
Net Assets, beginning of period	35,577,129	36,181,018	2,283,856	1,146,863	37,860,985	37,327,881
Net Assets, end of period	\$ 34,224,370	\$ 34,224,370	\$ 1,948,809	\$ 1,948,809	\$ 36,173,179	\$ 36,173,179

North Carolina Health Insurance Risk Pool, Inc.
DBA Inclusive Health
Statement of Revenues, Expenses - Budget vs. Actual
State Risk Pool

	One Month Ended September 30, 2011			Three Months Ended September 30, 2011		
	Actual	Budget	Over(Under) Budget	Actual	Budget	Over(Under) Budget
Member Months	7,404	7,419	(15)	21,436	21,331	105
Operating Revenue						
Monthly Premiums	\$ 3,337,266	\$ 3,116,165	\$ 221,101	\$ 9,859,829	\$ 9,199,002	\$ 660,827
Rebate - Pharmacy	341,780	373,632	(31,852)	341,780	373,632	(31,852)
Grant -Federal CMS - No 2- \$2,081,586	183,496	173,466	10,030	562,850	520,397	42,454
Federal Risk Pool Reimbursement	-	-	-	-	-	-
Self-funded Premium Subsidy	(46,124)	-	(46,124)	(46,124)	-	(46,124)
Total Operating Revenue	3,816,418	3,663,263	153,155	10,718,336	10,093,031	625,305
Operating Expenses						
Plan Expenses						
Medical Claim Costs	1,902,427	2,197,534	(295,107)	5,226,284	7,000,101	(1,773,817)
Pharmacy Claims Costs	1,798,966	2,028,404	(229,439)	5,120,683	6,085,213	(964,530)
Claim Costs - IBNR	700,000	-	700,000	700,000	-	700,000
Change in Loss Adjustment Reserve	249,000	-	249,000	249,000	-	249,000
Producer Compensation	74,316	90,035	(15,719)	206,000	269,813	(63,813)
Stop Loss Expense	83,196	83,315	(119)	240,776	239,547	1,229
Total Plan Expenses	4,807,905	4,399,288	408,616	11,742,743	13,594,675	(1,851,932)
Contractual Expenses						
Legal Services	888	3,136	(2,249)	4,191	9,409	(5,218)
Accounting Services	3,225	3,471	(246)	17,045	10,412	6,633
Audit Services	-	-	-	-	-	-
Admin Services	264,482	252,172	12,310	721,098	725,041	(3,943)
Admin Services - Pharmacy	37,448	37,095	353	107,745	106,655	1,090
Communication/Outreach	5,935	5,537	397	14,111	16,612	(2,500)
PBM Procurement	394	478	(84)	394	1,433	(1,040)
Actuarial Services	9,063	3,149	5,913	15,424	9,447	5,976
Total Contractual Expenses	321,433	305,038	16,395	880,008	879,009	999
Personnel Expense						
Regular Salaries	10,425	10,404	21	31,275	31,212	63
Social Security	769	800	(30)	2,319	2,399	(79)
FUTA/SUTA	-	46	(46)	-	138	(138)
Employee Health Insurance	485	883	(397)	1,455	2,648	(1,192)
Employee Life Insurance	111	100	12	484	299	184
HSA Contributions	-	188	(188)	136	563	(427)
Workers Comp Insurance	73	32	40	218	97	121
Company Match 401K	625	345	281	1,877	1,034	843
Transportation Air - Out of State	13	166	(154)	419	499	(80)
Transportation Ground - In State	43	238	(195)	358	713	(354)
Lodging	-	209	(209)	-	626	(626)
Meals	56	48	8	228	145	84
Miscellaneous	-	5	(5)	-	15	(15)
BD/Non-Employee Transportation	-	58	(58)	421	175	245
BD/Non-Employee Subsistence	-	58	(58)	1	175	(174)
Total Personnel Expense	12,600	13,579	(979)	39,191	40,736	(1,545)

See Independent Accountant's Compilation Report

North Carolina Health Insurance Risk Pool, Inc.
DBA Inclusive Health
Statement of Revenues, Expenses - Budget vs. Actual
State Risk Pool

	One Month Ended September 30, 2011			Three Months Ended September 30, 2011		
	Actual	Budget	Over(Under) Budget	Actual	Budget	Over(Under) Budget
Vendor/Admin Expenses						
Rent/Lease - Buildings/Office	770	774	(4)	2,311	2,322	(11)
Telephone Service	188	177	12	717	530	187
Cellular Phone Services	182	40	142	182	120	62
Internet Service Provider Charges	-	-	-	20	-	20
Postage, Freight & Delivery	212	113	99	537	338	200
Liability Insurance	746	746	1	2,238	2,237	2
General Office Supplies	-	146	(146)	379	437	(58)
Computer/IT Support Services	124	11	114	124	32	92
Furniture - Office	-	17	(17)	-	50	(50)
Equip-Voice Communication	-	121	(121)	-	362	(362)
PC Software	-	37	(37)	-	110	(110)
Membership Dues & Subscriptions	-	146	(146)	-	437	(437)
Property Taxes	-	-	-	4,499	3,524	975
Bank Service Charges	1,573	1,175	398	57	-	57
Total Vendor/Admin Expenses	3,796	3,500	297	11,065	10,499	566
Other Expense						
Depreciation Expense	173	93	80	520	279	241
First Citizens Investment Expense	6,314	5,538	776	18,235	16,615	1,620
Total Other Expense	6,488	5,631	856	18,756	16,894	1,861
Total Operating Expenses	5,152,221	4,727,036	425,185	12,691,763	14,541,813	(1,850,051)
Operating Income (Loss)	(1,335,804)	(1,063,774)	(272,030)	(1,973,427)	(4,448,783)	2,475,356
Non-Operating Revenue						
State Aid - SHP Fund	-	722,427	(722,427)	-	722,427	(722,427)
Interest & Investment Income	(16,955)	30,391	(47,346)	16,779	94,934	(78,155)
Total Non-Operating Revenue	(16,955)	752,818	(769,773)	16,779	817,361	(800,582)
Increase (decrease) in Net Assets	\$ (1,352,759)	\$ (310,956)	\$ (1,041,803)	\$ (1,956,648)	\$ (3,631,422)	\$ 1,674,774

See Independent Accountant's Compilation Report

North Carolina Health Insurance Risk Pool, Inc.
DBA Inclusive Health
Statement of Revenues, Expenses - Budget vs. Actual
Federal Risk Pool

	One Month Ended September 30, 2011			Three Months Ended September 30, 2011		
	Actual	Budget	Over(Under) Budget	Actual	Budget	Over(Under) Budget
Member Months	2,339	2,244	95	6,403	6,162	241
Operating Revenue						
Monthly Premiums	\$ 699,127	\$ 719,654	\$ (20,527)	\$ 1,895,792	\$ 1,980,814	\$ (85,022)
Rebate - Pharmacy	66,500	51,945	14,556	66,500	51,945	14,556
Grant -Federal CMS - No 2- \$2,081,586	-	-	-	-	-	-
Federal Risk Pool Reimbursement	517,259	1,147,459	(630,200)	3,082,738	3,511,620	(428,882)
Total Operating Revenue	1,282,886	1,919,057	(636,171)	5,045,030	5,544,378	(499,348)
Operating Expenses						
Plan Expenses						
Medical Claim Costs	797,124	1,100,000	(302,876)	2,494,831	3,300,000	(805,169)
Pharmacy Claims Costs	348,171	200,000	148,171	974,853	600,000	374,853
Claim Costs - IBNR	188,000	282,000	(94,000)	188,000	846,000	(658,000)
Change in Loss Adjustment Reserve	115,000	-	115,000	115,000	-	115,000
Producer Compensation	34,600	24,756	9,844	99,650	74,266	25,384
Stop Loss Expense	-	-	-	-	-	-
Total Expenses	1,482,895	1,606,756	(123,860)	3,872,334	4,820,266	(947,932)
Contractual Expenses						
Legal Services	588	938	(350)	3,341	2,814	527
Accounting Services	3,150	2,713	437	16,896	8,140	8,756
Audit Services	-	2,458	(2,458)	-	7,375	(7,375)
Admin Services	87,413	89,064	(1,651)	240,566	244,569	(4,003)
Admin Services - Pharmacy	11,758	11,220	538	30,923	30,810	113
Communication/Outreach	14,350	41,667	(27,317)	22,989	125,000	(102,011)
PBM Procurement	394	328	65	394	985	(592)
Actuarial Services	1,100	2,209	(1,109)	6,265	6,626	(361)
Total Contractual Expenses	118,752	150,597	(31,846)	321,374	426,319	(104,945)
Personnel Expense						
Regular Salaries	10,425	11,488	(1,063)	31,275	34,463	(3,188)
Social Security	769	800	(30)	2,319	2,399	(79)
FUTA/SUTA	-	46	(46)	-	138	(138)
Employee Health Insurance	485	883	(397)	1,455	2,648	(1,192)
Employee Life Insurance	111	100	12	484	299	184
HSA Contributions	-	188	(188)	136	563	(427)
Workers Comp Insurance	73	32	40	218	97	121
Company Match 401K	626	689	(64)	1,877	2,068	(191)
Transportation Air - Out of State	13	176	(164)	419	528	(109)
Transportation Ground - In State	43	251	(208)	358	754	(395)
Lodging	-	268	(268)	-	804	(804)
Meals	56	53	3	228	158	70
Miscellaneous	-	7	(7)	-	20	(20)
BD/Non-Employee Transportation	-	58	(58)	421	173	248
BD/Non-Employee Subsistence	-	58	(58)	1	175	(174)
Total Personnel Expense	12,600	15,095	(2,495)	39,191	45,285	(6,094)
Vendor/Admin Expenses						
Rent/Lease - Buildings/Office	770	774	(4)	2,311	2,322	(11)
Telephone Service	188	177	12	717	530	187
Cellular Phone Services	182	40	142	182	120	62

See Independent Accountant's Compilation Report

North Carolina Health Insurance Risk Pool, Inc.
DBA Inclusive Health
Statement of Revenues, Expenses - Budget vs. Actual
Federal Risk Pool

	One Month Ended September 30, 2011			Three Months Ended September 30, 2011		
	Actual	Budget	Over(Under) Budget	Actual	Budget	Over(Under) Budget
Internet Service Provider Charges	-	-	-	20	-	20
Postage, Freight & Delivery	247	113	135	247	338	(90)
Liability Insurance	746	746	1	2,238	2,237	2
General Office Supplies	-	137	(137)	379	412	(33)
Computer/IT Support Services	124	15	109	124	45	79
Furniture - Office	-	17	(17)	-	50	(50)
Equip-Voice Communication	-	121	(121)	-	362	(362)
PC Software	-	53	(53)	-	159	(159)
Membership Dues & Subscriptions	-	64	(64)	-	193	(193)
Property Taxes	-	-	-	57	-	57
Bank Service Charges	1,428	1,364	64	3,909	4,092	(183)
Total Vendor/Admin Expenses	3,687	3,620	67	10,185	10,859	(674)
Other Expense						
Depreciation Expense	-	95	(95)	-	285	(285)
First Citizens Investment Expense	-	-	-	-	-	-
Total Other Expense	-	95	(95)	-	285	(285)
Total Operating Expenses	1,617,934	1,776,163	(158,229)	4,243,085	5,303,016	(1,059,931)
Operating Income (Loss)	(335,048)	142,894	(477,942)	801,945	241,363	560,583
Non-Operating Revenue						
Interest and Investment Income	-	-	-	-	-	-
Total Non-Operating Income	-	-	-	-	-	-
Increase (Decrease) in Net Assets	\$ (335,048)	\$ 142,894	\$ (477,942)	\$ 801,945	\$ 241,363	\$ 560,583

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