

**DISCLOSURE SCHEDULES TO THE
EXCHANGE AGREEMENT BY AND AMONG
GUNDERSEN LUTHERAN HEALTH SYSTEM, INC.,
UNIVERSITY HEALTH CARE, INC.,
IOWA HEALTH SYSTEM,
AURORA HEALTH CARE, INC.,
QUARTZ HOLDING COMPANY, AND
QUARTZ HEALTH PLAN CORPORATION**

Dated as of May 1, 2020

These Schedules are being provided pursuant to the Exchange Agreement (this “Agreement”) entered into as of May 1, 2020, by and among Gundersen Lutheran Health System, Inc., a Wisconsin nonstock corporation (“GHS”), University Health Care, Inc., a Wisconsin nonstock corporation (“UHC”), Iowa Health System d/b/a UnityPoint Health, an Iowa nonprofit corporation (“UPH” and together with UHC and GHS, the “Legacy Owners” and each individually, a “Legacy Owner”), Aurora Health Care, Inc., a Wisconsin nonstock corporation (“AHC”), Quartz Holding Company, a Wisconsin corporation organized under Chapter 180 of the Wisconsin Statutes (“QHC”), and Quartz Health Plan Corporation (f/k/a Gundersen Health Plan, Inc.), a Wisconsin nonstock service insurance corporation organized under Chapter 613 of the Wisconsin Statutes (“QHPC” and together with QHC, the “Quartz Parent Entities” and each individually, a “Quartz Parent Entity”). Any capitalized term used herein but not defined herein shall have the same meaning ascribed to such term in the Agreement.

All references to the Agreement herein shall be deemed to refer to the entire Agreement, including all of these Schedules. Any item or matter required to be disclosed on a particular Schedule shall be deemed to have been disclosed where required by the terms of the Agreement for any other Schedule to the extent the applicability of such disclosure is reasonably apparent on its face. The specification of any dollar amount in the representations and warranties contained in the Agreement or the inclusion of any specific item in the Schedules is not intended to imply that such amounts, or higher or lower amounts, or the items so included, are or are not required to be disclosed, and neither Party shall use the fact of the setting of such amounts or the fact of the inclusion of any such item in the Schedules in any dispute or controversy with any Party as to whether any obligation, item or matter not described herein or included in a Schedule is or is not required to be disclosed (including, without limitation, whether such amounts or items are required to be disclosed as material). The information contained in the Schedules is disclosed solely for the purposes of the Agreement, and no information contained herein shall be deemed to be an admission by any Party to any third party of any matter whatsoever, including of any violation of Law or breach of any agreement.

Schedule 3.1
Due Organization

QHPC is qualified to do business as a foreign corporation in Illinois.

QHPC is eligible to engage in the business of health insurance in Wisconsin, Illinois, and Iowa.

QHPM is eligible to engage in the business of health insurance in Minnesota.

Schedule 3.2
Consents and Approvals

- The Wisconsin Office of the Commissioner of Insurance (consent or non-disapproval)
- State of Wisconsin Department of Health Services; BadgerCare Plus Program (notice)
- Iowa Insurance Commissioner (notice)
- Illinois Department of Insurance (notice)
- Minnesota Commissioner of Health (notice/provide information as requested)

Schedule 3.3(b)
Conflicts

None.

Schedule 3.6
Title to Assets

None.

Schedule 3.7(a)
Financial Statements

See attached QHPC Financial Statements.

Quartz Health

Statement of Financial Position
December 31, 2019
GAAP

	QHBPC	QHIC	Quartz Health Solutions, Inc.	Quartz HoldCo	QHPC	QHPMC	Eliminations	Total
ASSETS								
CURRENT ASSETS								
Cash	137,962,194	5,687,082	10,820,245	75,667	29,238,217	6,865,673		190,649,077
Short Term Investments	9,161,977	-	108	-	-	-	(9,162,085)	-
Receivables								
Investment Income	563,910	4,496	10,918	-	63,777	724		643,827
Prepaid Expense	238,150	3,791	3,729,959	-	-	-		3,971,899
Reinsurance Receivable	19,916,046	-	-	-	-	-		19,916,046
Premium - Prior Months	6,229,422	402,394	-	-	6,980,548	152,085		13,764,448
Premium - July	90,569,252	165,572	-	-	20,390,318	1,464,838	(112,589,981)	-
Due from Other Providers	10,155,511	(27,838)	4,299	-	2,593,784	293,840		13,019,595
Capitaiton Receivable	892,190	9,225	-	-	2,367,267	(1)		3,268,682
Income Taxes	1,213,513	663,291	-	-	72,613	-	(1,074,214)	875,204
PPACA Receivables	8,185,621	-	-	-	2,559,725	-	(10,745,345)	-
Intercompany receivables	42,936	232,701	3,345,237	-	102,638	60,713	(3,784,226)	-
Total Current Assets	285,130,722	7,140,714	17,910,766	75,667	64,368,886	8,837,874	(137,355,851)	246,108,778
Investment in Subsidiary-QHIC	-	-	-	117,342,491	-	-	(117,342,491)	-
Investment in Subsidiary-Quartz	-	-	-	7,466,337	-	-	(7,466,337)	-
Investment in Subsidiary	-	108,568,492	-	-	3,923,705	-	(112,492,197)	-
Investments	99,668,953	1,607,164	-	-	7,486,315	-	9,162,085	117,924,516
Prepaid Expense - Long Term	-	-	7,224	-	-	-	-	7,224
Deferred Tax Asset	2,994,023	3,190,288	2,039,781	-	272,039	-	(1,905,163)	6,590,968
Property and equipment, net	865,542	2,321	5,724,297	-	-	-	-	6,592,160
Other	82,412	120,705	475,106	-	26,939	-	-	705,162
Total Noncurrent Assets	103,610,930	113,488,970	8,246,407	124,808,828	11,708,998	-	(230,044,103)	131,820,029
TOTAL ASSETS	<u>388,741,652</u>	<u>120,629,684</u>	<u>26,157,173</u>	<u>124,884,495</u>	<u>76,077,884</u>	<u>8,837,874</u>	<u>(367,399,954)</u>	<u>377,928,807</u>

Statement of Financial Position
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GAAP

	<u>QHBC</u>	<u>QHIC</u>	<u>Quartz Health Solutions, Inc.</u>	<u>Quartz HoldCo</u>	<u>QHPC</u>	<u>QHPMC</u>	<u>Eliminations</u>	<u>Total</u>
LIABILITIES								
CURRENT LIABILITIES								
Accounts Payable & Accrued Expenses	6,928,539	96,534	11,726,057	-	1,387,789	82,047	-	20,220,965
Accrued Payroll Expenses	-	-	5,611,054	-	-	-	-	5,611,054
Capitation Payable	34,159,882	1,034,423	-	-	2,325,634	491,587	-	38,011,526
Claims Payable	100,304,244	571,502	-	-	28,633,088	2,147,283	-	131,656,118
Unearned Premium - Prior Months	32,652,950	140,332	-	-	640,467	160,661	-	33,594,410
Unearned Premium - Future Month	90,569,252	165,572	16,734	-	20,390,118	1,464,838	(112,589,981)	16,534
PPACA Payable	11,177,710	56,627	-	-	532,042	500,277	(10,745,345)	1,521,311
Income Taxes Payable	461,039	-	613,175	-	-	-	(1,074,214)	-
Intercompany Payables	3,223,547	13,039	129,470	-	350,695	67,474	(3,784,226)	-
Total Current Liabilities	<u>279,477,163</u>	<u>2,078,028</u>	<u>18,096,490</u>	<u>-</u>	<u>54,259,833</u>	<u>4,914,168</u>	<u>(128,193,766)</u>	<u>230,631,918</u>
Deferred Tax Liability	695,995	1,209,168	451,688	-	821,148	-	(1,905,163)	1,272,836
Deferred Rent	-	-	142,660	-	-	-	-	142,660
Total Liability	<u>280,173,158</u>	<u>3,287,197</u>	<u>18,690,837</u>	<u>-</u>	<u>55,080,980</u>	<u>4,914,168</u>	<u>(130,098,929)</u>	<u>232,047,414</u>
EQUITY								
Common Stock	1,000	3,448,400	100	4,065,000	-	-	(3,449,500)	4,065,000
Additional Paid-in Capital	76,557,064	140,859,156	4,500,000	-	14,409,750	4,750,000	(226,666,220)	14,409,750
Additional Paid-in Capital-QHIC	-	-	-	109,511,621	-	-	-	109,511,621
Additional Paid-in Capital-Quartz	-	-	-	4,465,296	-	-	-	4,465,296
Retained Earnings	20,753,034	(41,393,994)	(122,751)	(10,680,276)	6,193,224	(957,838)	21,721,548	(4,487,051)
Current Year Net Income	11,257,395	14,428,925	3,088,987	17,522,853	393,929	131,543	(28,906,852)	17,916,778
Total Equity	<u>108,568,494</u>	<u>117,342,487</u>	<u>7,466,336</u>	<u>124,884,495</u>	<u>20,996,903</u>	<u>3,923,705</u>	<u>(237,301,025)</u>	<u>145,881,393</u>
TOTAL LIABILITIES & EQUITY	<u>388,741,652</u>	<u>120,629,684</u>	<u>26,157,173</u>	<u>124,884,495</u>	<u>76,077,883</u>	<u>8,837,874</u>	<u>(367,399,954)</u>	<u>377,928,807</u>
Net assets (total Assets-Total Liab)	108,568,494	117,342,487	7,466,336	124,884,495	20,996,903	3,923,705	(237,301,025)	145,881,395
Total liabilities and net assets	<u>388,741,652</u>	<u>120,629,684</u>	<u>26,157,173</u>	<u>124,884,495</u>	<u>76,077,884</u>	<u>8,837,874</u>	<u>(367,399,954)</u>	<u>377,928,807</u>

Quartz Health

Income Statement
December 31, 2019
GAAP

	QHBPC	QHIC	Quartz Health Solutions, Inc.	Quartz HoldCo	QHPC	QHPMC	Eliminations	Total
Revenue								
Premium Revenue	1,422,462,437	3,884,755	-	-	251,784,977	15,548,333		1,693,680,502
ASO Administrative Fee	-	-	3,309,755	-	-	-		3,309,755
Purchased Service Income	-	-	113,536,695	-	-	-	(113,536,695)	-
MSO Administrative Fee Income	-	-	2,739,579	-	-	-	(2,739,579)	-
Network Access Income	-	-	605,577	-	-	-	(605,577)	-
MSO Integration Income	-	-	815,800	-	-	-	(815,800)	-
Ad-hoc / Add-on Revenue	-	-	127,793	-	-	-		127,793
Other Revenue & Set-up Fees	-	-	15,000	-	-	-		15,000
Administrative Service Revenue	-	-	121,150,199	-	-	-	(117,697,650)	3,452,548
Total	1,422,462,437	3,884,755	121,150,199	-	251,784,977	15,548,333	(117,697,650)	1,697,133,050
Expenses								
Health Care Expenses	1,291,247,762	2,554,084	(14)	-	233,326,382	14,441,384		1,541,569,599
Administrative Expenses	122,220,880	1,448,444	119,260,465	(4,908)	18,637,127	973,812	(117,697,650)	144,838,170
Total	1,413,468,641	4,002,528	119,260,452	(4,908)	251,963,509	15,415,196	(117,697,650)	1,686,407,769
Underwriting Gain/(Loss)	8,993,795	(117,773)	1,889,747	4,908	(178,532)	133,137	-	10,725,281
Other Income/(Expense)								
Investment Income	3,571,529	109,258	68,628	28	782,665	21,381		4,553,489
Affiliated Net Income/(Loss)	-	11,257,393	-	-	131,545	-	(11,388,938)	-
Other	20,985	430,937	1,483,606	-	-	200		1,935,727
Net Realized gains (losses) on investments	176,669	-	-	-	-	-		176,669
Changes in net unrealized gains on investments	2,157,402	39,492	-	-	71,148	-		2,268,042
Total	5,926,584	11,837,079	1,552,234	28	985,359	21,581	(11,388,938)	8,933,927
Pre-tax Income (Loss)	14,920,379	11,719,306	3,441,981	4,936	806,826	154,718	(11,388,938)	19,659,208
Income Tax Expense (Benefit)	3,662,984	(2,709,619)	352,994	-	412,898	23,175		1,742,431
Net Income (Loss)	11,257,395	14,428,925	3,088,987	4,936	393,929	131,543	(11,388,938)	17,916,777
Affiliated Net Income/(Loss)								
Affiliate Net Income/Loss - QHBPC	-	-	-	-	-	-	(0)	(0)
Investment in Subsidiaries	-	-	-	-	-	-		-
Affiliate Net Income/Loss - QHIC	-	-	-	14,428,928	-	-	(14,428,928)	0
Affiliate Net Income/Loss - Quartz	-	-	-	3,088,989	-	-	(3,088,989)	0
Affiliate Net Income/Loss - QHPMC	-	-	-	-	-	-	0	0
Total	11,257,395	14,428,925	3,088,987	17,522,853	393,929	131,543	(28,906,854)	17,916,778
Combined Member and ASO Participant Months	3,068,524	16,318	306,341		683,532	25,282		4,099,997
Medical Loss Ratio	90.8%	65.7%	n/a		92.7%	92.9%		91.0%
Fully Insured Premium PMPM	463.57	238.07	n/a		368.36	615.00		446.45
Combined Admin PMPM (includes Strategy & ASO)	39.83	88.76	389.31		27.27	38.52		35.33
Admin %	8.6%	37.3%	98.4%		7.4%	6.3%		8.5%
After Tax, Excluding Unrealized Gains on Investments)	9,099,994	14,389,433	3,088,987		322,780	131,543		15,648,735

Schedule 3.7(b)
Financial Statements; Material Liabilities

None.

Schedule 3.9
Litigation

None.

Schedule 3.10(a)
Material Contracts

1. Contract [REDACTED] by and between the [REDACTED] and Quartz Health Plan Corporation effective as of January 1, 2020.
2. [REDACTED] by and between the [REDACTED] and Quartz Health Plan Corporation (f/k/a Gundersen Health Plan Inc.) effective September 25, 2018.
3. Contract [REDACTED] by and between the [REDACTED] and Quartz Health Plan MN Corporation dated as of September 19, 2019.
4. [REDACTED] Agreement by and between the [REDACTED] and Quartz Health Plan MN Corporation dated as of August 30, 2019.
5. Contract [REDACTED] by and between [REDACTED] and Quartz Health Plan Corporation dated as of September 19, 2019.
6. [REDACTED] Agreement by and between the [REDACTED] and Quartz Health Plan Corporation dated as of August 30, 2019.
7. [REDACTED] Agreement by and between Quartz Health Solutions, Inc. and Quartz Health Plan Corporation, f/k/a Gundersen Health Plan, Inc. dated as of July 1, 2017, as amended by that certain First Amendment dated as of January 1, 2020.
8. [REDACTED] Agreement by and between Gundersen Health Plan, Inc. and Gundersen Health Plan Minnesota, Inc. effective January 1, 2017.
9. [REDACTED] by and between Quartz Health Solutions, Inc. and Quartz Health Benefit Plans Corporation (f/k/a Unity Health Plans Insurance Corporation), Quartz Health Insurance Corporation (f/k/a Physicians Plus Insurance Corporation), Quartz Health Plan Corporation (f/k/a Gundersen HealthPlan, Inc.) and Quartz Health Plan MN Corporation (f/k/a Gundersen Health Plan Minnesota) effective January 1, 2018, as amended by that certain Amendment #1 effective January 1, 2019, as further amended by that certain Amendment #2 effective January 1, 2019, and as further amended by that certain Amendment #3 effective January 1, 2020.

Schedule 3.10(b)
Material Contract; Consents

1. Contract for [REDACTED] by and between [REDACTED]
[REDACTED] effective January 1, 2020.

Schedule 3.12(q)
Audit or Investigation

None.

Schedule 3.13
Tax Matters

See attached.

Internal Revenue Service

Department of the Treasury

RECEIVED

DEC 16 1996

Washington, DC 20224

HEALTH PLAN INC.

Person to Contact: Lawrence M. Brauer

Gundersen Lutheran Health Plan, Inc.

1836 South Avenue

La Crosse, WI 54061

Telephone Number: (202) 622-6466

Refer Reply to: CP:E:EO:T:1:LMB

Date:

DEC 16 1996

Internal Revenue Code: 501(c)(4)

Employer Identification Number: 39-1807071

Key District: Midstates (Dallas, TX)

Accounting Period Ending: December 31

Form 990 Required: Yes

Dear Applicant:

Based on the information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in the section indicated above.

As an organization described in section 501(c)(4) of the Code, you are expressly prohibited from allowing any part of your net earnings to inure to the benefit of any private shareholder or individual. Additionally, any transaction which provides such inurement may be subject to the excise taxes imposed by section 4958.

Unless specifically excepted, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) for each employee to whom you pay \$100 or more during the calendar year. Unless excepted, you are also liable for tax under the Federal Unemployment Tax Act for each employee to whom you pay \$50 or more during a calendar quarter if, during the current or preceding calendar year, you had one or more employees at any time in each of 20 calendar weeks or you paid wages of \$1,500 or more in any calendar quarter. If you have any questions about excise, employment, or other federal taxes, please contact your key district office.

If your sources of support, or your purposes, character, or method of operation change, please let your key district know so that office can consider the effect of the change on your exempt status. In the case of an amendment to your organizational document or bylaws, please send a copy of the amended document or bylaws to your key district. Also, you should inform your key district office of all changes in your name or address.

RECEIVED

DEC 16 1996

GUNDERSEN LUTHERA
HEALTH PLAN INC.

Gundersen Lutheran Health Plan, Inc.

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt from Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. If your gross receipts each year are not normally more than \$25,000, we ask that you establish that you are not required to file Form 990 by completing Part I of that Form for your first year. Thereafter, you will not be required to file a return until your gross receipts exceed the \$25,000 minimum. For guidance in determining if your gross receipts are "normally" not more than the \$25,000 limit, see the instructions for the Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$20 a day is charged when a return is filed late, unless there is reasonable cause for the delay. The maximum penalty charged cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are required to make your annual return available for public inspection for three years after the return is due. You are also required to make available a copy of your exemption application, any supporting documents, and this exemption letter. Failure to make these documents available for public inspection may subject you to a penalty of \$20 per day for each day there is a failure to comply (up to a maximum of \$10,000 in the case of an annual return).

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code. However, under section 501(m)(2) of the Code, any activity consisting of providing commercial-type insurance shall be treated as an unrelated trade or business as defined in section 513 of the Code.

Gundersen Lutheran Health Plan, Inc.

Contributions to your organization are not deductible by donors under section 170(c)(2) of the Code. Under section 6113, any fund-raising solicitation (including a solicitation for membership dues payment) you make must include an express statement (in a conspicuous and easily recognizable format) that contributions and gifts are not deductible as charitable contributions for federal income tax purposes. This does not apply, however, if your annual gross receipts are normally \$100,000 or less, or if your solicitations are made to no more than ten persons during a calendar year. The law provides penalties for failure to comply with this requirement, unless the failure is due to reasonable cause. See Internal Revenue Service Notice 88-120, 1988-2 C.B. 454, for additional information.


You need an employer identification number even if you have no employees. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

We are informing your key district office of this ruling. Because this letter could help resolve any questions about your exempt status, you should keep it in your permanent records.

If you have any immediate questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter. For other matters, including questions concerning reporting requirements, please contact your key district office.

In accordance with the Power of Attorney currently on file with the Internal Revenue Service, we are sending a copy of this letter to your authorized representative.

Sincerely,


Marvin Friedlander
Chief, Exempt Organizations
Technical Branch 1

Schedule 4.1
Due Organization

Qualified to do business as a foreign corporation in the following jurisdictions:

- Illinois
- Iowa
- Colorado
- Nebraska

Eligible to engage in the business of health insurance and/or employee benefit plan administration (or state-specific equivalent) in the following states:

- Wisconsin
- Illinois

Schedule 4.2
Consents and Approvals

- The Wisconsin Office of the Commissioner of Insurance
- Iowa Insurance Commissioner
- Illinois Department of Insurance
- Minnesota Commissioner of Health

Schedule 4.3(b)
Conflicts

None.

Schedule 4.6
Title to Assets

None.

Schedule 4.7(a)
Financial Statements

See attached QHC Financial Statements.

Quartz Health

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CURRENT ASSETS								
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Premium - July	90,569,252	165,572	-	-	20,390,318	1,464,838	(112,589,981)	-
Due from Other Providers	10,155,511	(27,838)	4,299	-	2,593,784	293,840		13,019,595
Capitaiton Receivable	892,190	9,225	-	-	2,367,267	(1)		3,268,682
Income Taxes	1,213,513	663,291	-	-	72,613	-	(1,074,214)	875,204
PPACA Receivables	8,185,621	-	-	-	2,559,725	-	(10,745,345)	-
Intercompany receivables	42,936	232,701	3,345,237	-	102,638	60,713	(3,784,226)	-
Total Current Assets	285,130,722	7,140,714	17,910,766	75,667	64,368,886	8,837,874	(137,355,851)	246,108,778
Investment in Subsidiary-QHIC	-	-	-	117,342,491	-	-	(117,342,491)	-
Investment in Subsidiary-Quartz	-	-	-	7,466,337	-	-	(7,466,337)	-
Investment in Subsidiary	-	108,568,492	-	-	3,923,705	-	(112,492,197)	-
Investments	99,668,953	1,607,164	-	-	7,486,315	-	9,162,085	117,924,516
Prepaid Expense - Long Term	-	-	7,224	-	-	-	-	7,224
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Property and equipment, net	865,542	2,321	5,724,297	-	-	-	-	6,592,160
Other	82,412	120,705	475,106	-	26,939	-	-	705,162
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December 31, 2019
GAAP

	<u>QHBC</u>	<u>QHIC</u>	<u>Quartz Health Solutions, Inc.</u>	<u>Quartz HoldCo</u>	<u>QHPC</u>	<u>QHPMC</u>	<u>Eliminations</u>	<u>Total</u>
LIABILITIES								
CURRENT LIABILITIES								
Accounts Payable & Accrued Expenses	6,928,539	96,534	11,726,057	-	1,387,789	82,047	-	20,220,965
Accrued Payroll Expenses	-	-	5,611,054	-	-	-	-	5,611,054
Capitation Payable	34,159,882	1,034,423	-	-	2,325,634	491,587	-	38,011,526
Claims Payable	100,304,244	571,502	-	-	28,633,088	2,147,283	-	131,656,118
Unearned Premium - Prior Months	32,652,950	140,332	-	-	640,467	160,661	-	33,594,410
Unearned Premium - Future Month	90,569,252	165,572	16,734	-	20,390,118	1,464,838	(112,589,981)	16,534
PPACA Payable	11,177,710	56,627	-	-	532,042	500,277	(10,745,345)	1,521,311
Income Taxes Payable	461,039	-	613,175	-	-	-	(1,074,214)	-
Intercompany Payables	3,223,547	13,039	129,470	-	350,695	67,474	(3,784,226)	-
Total Current Liabilities	<u>279,477,163</u>	<u>2,078,028</u>	<u>18,096,490</u>	<u>-</u>	<u>54,259,833</u>	<u>4,914,168</u>	<u>(128,193,766)</u>	<u>230,631,918</u>
Deferred Tax Liability	695,995	1,209,168	451,688	-	821,148	-	(1,905,163)	1,272,836
Deferred Rent	-	-	142,660	-	-	-	-	142,660
Total Liability	<u>280,173,158</u>	<u>3,287,197</u>	<u>18,690,837</u>	<u>-</u>	<u>55,080,980</u>	<u>4,914,168</u>	<u>(130,098,929)</u>	<u>232,047,414</u>
EQUITY								
Common Stock	1,000	3,448,400	100	4,065,000	-	-	(3,449,500)	4,065,000
Additional Paid-in Capital	76,557,064	140,859,156	4,500,000	-	14,409,750	4,750,000	(226,666,220)	14,409,750
Additional Paid-in Capital-QHIC	-	-	-	109,511,621	-	-	-	109,511,621
Additional Paid-in Capital-Quartz	-	-	-	4,465,296	-	-	-	4,465,296
Retained Earnings	20,753,034	(41,393,994)	(122,751)	(10,680,276)	6,193,224	(957,838)	21,721,548	(4,487,051)
Current Year Net Income	11,257,395	14,428,925	3,088,987	17,522,853	393,929	131,543	(28,906,852)	17,916,778
Total Equity	<u>108,568,494</u>	<u>117,342,487</u>	<u>7,466,336</u>	<u>124,884,495</u>	<u>20,996,903</u>	<u>3,923,705</u>	<u>(237,301,025)</u>	<u>145,881,393</u>
TOTAL LIABILITIES & EQUITY	<u>388,741,652</u>	<u>120,629,684</u>	<u>26,157,173</u>	<u>124,884,495</u>	<u>76,077,883</u>	<u>8,837,874</u>	<u>(367,399,954)</u>	<u>377,928,807</u>
Net assets (total Assets-Total Liab)	108,568,494	117,342,487	7,466,336	124,884,495	20,996,903	3,923,705	(237,301,025)	145,881,395
Total liabilities and net assets	<u>388,741,652</u>	<u>120,629,684</u>	<u>26,157,173</u>	<u>124,884,495</u>	<u>76,077,884</u>	<u>8,837,874</u>	<u>(367,399,954)</u>	<u>377,928,807</u>

Quartz Health

Income Statement
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	QHBPC	QHIC	Quartz Health Solutions, Inc.	Quartz HoldCo	QHPC	QHPMC	Eliminations	Total
Revenue								
Premium Revenue	1,422,462,437	3,884,755	-	-	251,784,977	15,548,333		1,693,680,502
ASO Administrative Fee	-	-	3,309,755	-	-	-		3,309,755
Purchased Service Income	-	-	113,536,695	-	-	-	(113,536,695)	-
MSO Administrative Fee Income	-	-	2,739,579	-	-	-	(2,739,579)	-
Network Access Income	-	-	605,577	-	-	-	(605,577)	-
MSO Integration Income	-	-	815,800	-	-	-	(815,800)	-
Ad-hoc / Add-on Revenue	-	-	127,793	-	-	-		127,793
Other Revenue & Set-up Fees	-	-	15,000	-	-	-		15,000
Administrative Service Revenue	-	-	121,150,199	-	-	-	(117,697,650)	3,452,548
Total	1,422,462,437	3,884,755	121,150,199	-	251,784,977	15,548,333	(117,697,650)	1,697,133,050
Expenses								
Health Care Expenses	1,291,247,762	2,554,084	(14)	-	233,326,382	14,441,384		1,541,569,599
Administrative Expenses	122,220,880	1,448,444	119,260,465	(4,908)	18,637,127	973,812	(117,697,650)	144,838,170
Total	1,413,468,641	4,002,528	119,260,452	(4,908)	251,963,509	15,415,196	(117,697,650)	1,686,407,769
Underwriting Gain/(Loss)	8,993,795	(117,773)	1,889,747	4,908	(178,532)	133,137	-	10,725,281
Other Income/(Expense)								
Investment Income	3,571,529	109,258	68,628	28	782,665	21,381		4,553,489
Affiliated Net Income/(Loss)	-	11,257,393	-	-	131,545	-	(11,388,938)	-
Other	20,985	430,937	1,483,606	-	-	200		1,935,727
Net Realized gains (losses) on investments	176,669	-	-	-	-	-		176,669
Changes in net unrealized gains on investments	2,157,402	39,492	-	-	71,148	-		2,268,042
Total	5,926,584	11,837,079	1,552,234	28	985,359	21,581	(11,388,938)	8,933,927
Pre-tax Income (Loss)	14,920,379	11,719,306	3,441,981	4,936	806,826	154,718	(11,388,938)	19,659,208
Income Tax Expense (Benefit)	3,662,984	(2,709,619)	352,994	-	412,898	23,175		1,742,431
Net Income (Loss)	11,257,395	14,428,925	3,088,987	4,936	393,929	131,543	(11,388,938)	17,916,777
Affiliated Net Income/(Loss)								
Affiliate Net Income/Loss - QHBPC	-	-	-	-	-	-	(0)	(0)
Investment in Subsidiaries	-	-	-	-	-	-		-
Affiliate Net Income/Loss - QHIC	-	-	-	14,428,928	-	-	(14,428,928)	0
Affiliate Net Income/Loss - Quartz	-	-	-	3,088,989	-	-	(3,088,989)	0
Affiliate Net Income/Loss - QHPMC	-	-	-	-	-	-	0	0
Total	11,257,395	14,428,925	3,088,987	17,522,853	393,929	131,543	(28,906,854)	17,916,778
Combined Member and ASO Participant Months	3,068,524	16,318	306,341		683,532	25,282		4,099,997
Medical Loss Ratio	90.8%	65.7%	n/a		92.7%	92.9%		91.0%
Fully Insured Premium PMPM	463.57	238.07	n/a		368.36	615.00		446.45
Combined Admin PMPM (includes Strategy & ASO)	39.83	88.76	389.31		27.27	38.52		35.33
Admin %	8.6%	37.3%	98.4%		7.4%	6.3%		8.5%
After Tax, Excluding Unrealized Gains on Investments)	9,099,994	14,389,433	3,088,987		322,780	131,543		15,648,735

Schedule 4.7(b)
Financial Statements; Material Liabilities

None.

Schedule 4.9
Litigation

None.

Schedule 4.10(a)
Material Contracts

1. Contract [REDACTED] by and between the [REDACTED] and Quartz Health Benefit Plans Corporation effective as of January 1, 2020.

Schedule 4.10(b)
Material Contracts; Consents

1. Contract [REDACTED] by and between [REDACTED]
[REDACTED] and Quartz Health Benefit Plans Corporation effective as of January 1, 2020.

Schedule 4.12(q)
Audit or Investigation

None.

Schedule 5.2(b)
Consents and Approvals

None.