
Colorado Access Foundation

**Financial Report
December 31, 2022**

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Independent Auditor's Report

To the Board of Directors
Colorado Access Foundation

Opinion

We have audited the financial statements of Colorado Access Foundation (the "Foundation"), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities and changes in net assets and cash flows for the period from November 23, 2021 (inception) through December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022 and the changes in its net assets and its cash flows for the period from November 23, 2021 (inception) through December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Foundation and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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 the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
Colorado Access Foundation

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Plante & Moran, PLLC

July 6, 2023

Statement of Financial Position

December 31, 2022

Assets	
Current Assets	
Cash	\$ 19,726,540
Related party receivables (Note 4)	<u>52,781</u>
Total current assets	19,779,321
Loan Receivable	<u>69,957</u>
Total assets	<u><u>\$ 19,849,278</u></u>
Liabilities and Net Assets	
Grant Payable - Current	\$ 350,000
Net Assets without Donor Restrictions	<u>19,499,278</u>
Total liabilities and net assets	<u><u>\$ 19,849,278</u></u>

Colorado Access Foundation

Statement of Activities and Changes in Net Assets

Period from November 23, 2021 (Inception) through December 31, 2022

	<u>Without Donor Restrictions</u>
Revenue, Gains, and Other Support	
Contributions	\$ 19,863,740
In-kind contribution	470,950
Interest income	<u>52,781</u>
Total revenue, gains, and other support	20,387,471
Expenses	
Program donations	385,000
Administrative expenses	<u>503,193</u>
Total expenses	<u>888,193</u>
Increase in Net Assets	19,499,278
Net Assets - Beginning of period	<u>-</u>
Net Assets - End of period	<u><u>\$ 19,499,278</u></u>

Colorado Access Foundation

Statement of Cash Flows

Period from November 23, 2021 (Inception) through December 31, 2022

Cash Flows from Operating Activities

Increase in net assets	\$ 19,499,278
Adjustments to reconcile increase in net assets to net cash from operating activities -	
Changes in operating assets and liabilities that (used) provided cash:	
Loan receivable	(69,957)
Grant payable	<u>350,000</u>
Net cash provided by operating activities	19,779,321
Cash Flows Used in Investing Activities - Related party receivable	<u>(52,781)</u>
Net Increase in Cash	19,726,540
Cash - Beginning of period	<u>-</u>
Cash - End of period	<u>\$ 19,726,540</u>
Significant Noncash Transactions - In-kind contribution	\$ 470,950

December 31, 2022

Note 1 - Nature of Business

Colorado Access Foundation (the "Foundation") was founded on November 23, 2021 as a Colorado not-for-profit corporation. The mission of the Foundation is to provide monetary resources in the form of grants to companies supporting the mission of providing affordable health care for low-income individuals. The Foundation is primarily funded by Colorado Access, a not-for-profit corporation that provides health insurance to lower-income individuals across Colorado through various state programs.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of the Foundation have been prepared on the basis of generally accepted accounting principles (GAAP).

Cash

Cash consists of unrestricted cash on deposit. The Foundation's cash balance exceeds the Federal Deposit Insurance Corporation insurance limits of \$250,000 at December 31, 2022.

Contributions

Unconditional promises to give cash and other assets to the Foundation are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets release from restrictions. Donor-restricted contributions whose restrictions are met in the year in which the gift is received are reported as contributions without donor restrictions in the accompanying financial statements.

Concentration of Credit Risk

For the period from November 23, 2021 (inception) through December 31, 2022, 100 percent of contributions were from Colorado Access.

Grants Payable

Unconditional grants are recognized as an expense at the time of formal approval by the distribution committee or full board of directors. Conditional grants, if any, are expensed when such conditions are substantially met. Grants payable at December 31, 2022 were disbursed in 2023. Any such grants subject to conditions to be met by the grantees are not significant.

Classification of Net Assets

Net assets of the Foundation are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Foundation.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

December 31, 2022

Note 2 - Significant Accounting Policies (Continued)

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

At December 31, 2022, there are no net assets with donor restrictions.

In-kind Contributions

Contributed nonfinancial assets include donated services and other in-kind contributions, which are recorded at the respective fair values of the goods or services received. During the period from November 23, 2021 through December 31, 2022, contributed nonfinancial assets consisting of administrative support services from a related party totaled \$470,950. These administrative support services are used for management and general activities and were recognized based on current rates for similar administrative support services.

Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Costs have been allocated between program and support services based on direct identification as costs are incurred. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts. Costs of providing program and support services have been reported in Note 6 on a functional basis by natural classification.

Income Taxes

The Foundation is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the Foundation's accounts receivable and held-to-maturity debt securities, by requiring the Foundation to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice where an allowance is not recognized until the losses are considered probable. The ASU also changes the way credit losses are recognized for available-for-sale debt securities. Credit losses are recognized through the recording of an allowance rather than as a write-down of the carrying value. The new guidance will be effective for the Foundation's year ending December 31, 2023. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the earliest period presented.

December 31, 2022

Note 2 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

As of November 23, 2021, the Foundation adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets are reported by category within the financial statements, and there are additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The ASU was implemented at the Foundation's inception.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including July 6, 2023, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

The Foundation has \$19,849,278 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$19,726,540 and receivables of \$122,738 at December 31, 2022. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Foundation has a goal to maintain financial assets, which consists of cash, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$70,000 at December 31, 2022. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 4 - Related Party Transactions

The following is a description of transactions between the Foundation and related parties:

Receivables

At December 31, 2022, the Foundation had receivables from Colorado Access, a related party, totaling \$52,781 related to bank interest owed to the Foundation.

Contributions

For the period from November 23, 2021 (inception) through December 31, 2022, the Foundation received contributions from Colorado Access totaling \$19,863,740.

Note 5 - Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the statement of activities and changes in net assets consisted of donated materials and services of \$470,950 for the period from November 23, 2021 (inception) through December 31, 2022.

Contributed nonfinancial assets did not have donor-imposed restrictions.

Donated materials and services are contributions of nonfinancial assets and services. These donations vary, and the methods used to value these donations vary accordingly but represent management's best estimate of the fair value of the donation at the date it was provided unconditionally. Donated services are recognized as revenue at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated.

Note 6 - Functional Expenses

The Foundation provides support to other organizations that support its mission. Expenses related to providing these services are as follows for the period from November 23, 2021 (inception) through December 31, 2022:

Program donations	\$ 385,000
Support services:	
Consulting	34,325
Conferences	4,743
Salaries and wages	365,529
Professional fees	4,197
Other	<u>94,399</u>
Total support services	<u>503,193</u>
Total	<u>\$ 888,193</u>

Note 7 - Commitments

The Foundation, as part of its mission, has committed to advance \$750,000 over the next several years to an organization providing housing services to certain homeless individuals. Amounts will be repaid in yearly installments by the borrower as the project progresses. As of December 31, 2022, the Foundation paid out \$69,957 of the \$750,000 committed.