
Colorado Access Foundation

Financial Report
December 31, 2023

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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, 2023 and 2022 and the related statements of activities and changes in net assets and cash flows for the year ended December 31, 2023 and 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, 2023 and 2022 and the changes in its net assets and its cash flows for the year ended December 31, 2023 and 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 audits 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 Audits 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 audits. 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 Audits 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 audits 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 audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Plante & Moran, PLLC

May 21, 2024

Statement of Financial Position

		December 31, 2023 and 2022	
		<u>2023</u>	<u>2022</u>
Assets			
Current Assets			
Cash and cash equivalents		\$ 20,298,999	\$ 19,726,540
Receivables:			
Contributions receivable (Note 4)		849,771	-
Related party receivables (Note 4)		-	52,781
Accrued interest		71,415	-
Prepaid expenses		<u>86,888</u>	<u>-</u>
Total current assets		21,307,073	19,779,321
Loan Receivable (Note 7)		<u>182,479</u>	<u>69,957</u>
Total assets		<u>\$ 21,489,552</u>	<u>\$ 19,849,278</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts payable		\$ 3,188	\$ -
Grants payable		<u>-</u>	<u>350,000</u>
Total liabilities		3,188	350,000
Net Assets without Donor Restrictions		<u>21,486,364</u>	<u>19,499,278</u>
Total liabilities and net assets		<u>\$ 21,489,552</u>	<u>\$ 19,849,278</u>

Colorado Access Foundation

Statement of Activities and Changes in Net Assets

	Year Ended December 31, 2023	Period from November 23, 2021 (Inception) through December 31, 2022
	Without Donor Restrictions	Without Donor Restrictions
Revenue, Gains, and Other Support		
Contributions	\$ 2,425,547	\$ 19,863,740
In-kind contribution	906,570	470,950
Interest income	123,969	52,781
Investment income	647,968	-
	<u>4,104,054</u>	<u>20,387,471</u>
Total revenue, gains, and other support		
Expenses		
Program donations (Note 6)	1,107,272	385,000
Administrative expenses (Note 6)	1,009,696	503,193
	<u>2,116,968</u>	<u>888,193</u>
Total expenses		
Increase in Net Assets	1,987,086	19,499,278
Net Assets - Beginning of period	<u>19,499,278</u>	<u>-</u>
Net Assets - End of period	<u><u>\$ 21,486,364</u></u>	<u><u>\$ 19,499,278</u></u>

Statement of Cash Flows

	Year Ended December 31, 2023	Period from November 23, 2021 (Inception) through December 31, 2022
Cash Flows from Operating Activities		
Increase in net assets	\$ 1,987,086	\$ 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:		
Accrued interest	(71,415)	-
Prepaid expenses	(86,888)	-
Loan receivable	(112,522)	(69,957)
Accounts payable	3,188	-
Grants payable	(350,000)	350,000
Net cash provided by operating activities	1,369,449	19,779,321
Cash Flows Used in Investing Activities - Related party activity	(796,990)	(52,781)
Net Increase in Cash and Cash Equivalents	572,459	19,726,540
Cash and Cash Equivalents - Beginning of period	19,726,540	-
Cash and Cash Equivalents - End of period	\$ 20,298,999	\$ 19,726,540
Significant Noncash Transactions - In-kind contribution	\$ 906,570	\$ 470,950

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 and Cash Equivalents

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, 2023.

For the purpose of the accompanying financial statements, the Foundation considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. The carrying amount reported in the balance sheet for cash and cash equivalents approximates fair value due to the short-term nature of these investments.

Contributions and Contributions Receivable

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 released 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.

Credit Risk, Major Customers, and Suppliers

All contributions were from Colorado Access for the period from November 23, 2021 (inception) through December 31, 2022 and the year ended December 31, 2023.

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. There were no grants payable at December 31, 2023.

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.

Note 2 - Significant Accounting Policies (Continued)

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.

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, 2023 and 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. For the year ended December 31, 2023 and the period from November 23, 2021 through December 31, 2022, contributed nonfinancial assets consisting of administrative support services from a related party totaled \$906,570 and \$470,950, respectively. 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.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including May 21, 2024, which is the date the financial statements were available to be issued.

Note 2 - Significant Accounting Policies (Continued)

Adoption of New Accounting Pronouncement

As of January 1, 2023, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which supersedes the current incurred loss methodology. The ASU was issued to provide financial statement users with more useful information about the expected credit losses on financial instruments held by a reporting entity at each reporting date to enhance the decision making process. The current expected credit losses (CECL) model utilizes a lifetime expected credit loss measurement objective for the recognition of credit losses for all financial assets at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. This is different from the current practice where an allowance is not recognized until the losses are considered probable. For available for sale securities where fair value is less than cost, credit-related impairment, if any, will be recognized in an allowance for credit losses and adjusted each period for changes in expected credit risk. This model replaces the existing impairment models, which generally require that a loss be incurred before it is recognized. The Foundation adopted ASU No. 2016-13 using the modified retrospective method for all financial assets measured at amortized cost. Based on the composition of the Foundation's loan receivable, the adoption of this standard did not have a significant impact to the financial statements and related disclosures.

Note 3 - Liquidity and Availability of Resources

The Foundation has \$21,307,073 and \$19,779,321 of financial assets available within one year of December 31, 2023 and 2022, respectively, to meet cash needs for general expenditure consisting of cash, cash equivalents, and receivables. 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 consist of cash, on hand to meet 60 days of normal operating expenses, which are based upon the budget and can vary from year to year. The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Foundation also realizes there could be unanticipated liquidity needs.

Note 4 - Related Party Transactions

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

Receivables

At December 31, 2023, the Foundation had contributions receivable from Colorado Access, a related party, totaling \$849,771. There were no contributions receivable at December 31, 2022.

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

Contributions

For the year ended December 31, 2023 and the period from November 23, 2021 (inception) through December 31, 2022, the Foundation received contributions from Colorado Access totaling \$2,425,547 and \$19,863,740, respectively.

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 \$906,570 and \$470,950 for the year ended December 31, 2023 and the period from November 23, 2021 (inception) through December 31, 2022, respectively.

Contributed nonfinancial assets did not have donor-imposed restrictions.

Donated materials and services are contributions of nonfinancial assets and services. These donations can vary, but the value recorded represents 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 year ended December 31, 2023 and the period from November 23, 2021 (inception) through December 31, 2022:

	2023	2022
Program donations	\$ 1,107,272	\$ 385,000
Support services:		
Consulting	95,443	34,325
Accounting	14,885	-
Conferences	-	4,743
Salaries and wages	659,416	365,529
Professional fees	-	4,197
Other	239,952	94,399
Total support services	1,009,696	503,193
Total	\$ 2,116,968	\$ 888,193

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, 2023 and 2022, the Foundation paid out \$182,479 and \$69,957, respectively, of the \$750,000 committed.