

TO: CONNECT FOR HEALTH COLORADO EXECUTIVE AND FINANCE COMMITTEE

4600 South Ulster Street | Suite 300
Denver, CO 80237

FROM: BRIAN BRAUN, CHIEF FINANCIAL OFFICER

SUBJECT: QUARTERLY FINANCIAL REPORT 1ST QUARTER FISCAL YEAR 2026

DATE: 10/17/2025

Key Performance Indicators	Status	YTD - 3 Months Ending 09.30.25		
		Actual	Budget	% of Target
Effectuated Enrollment (average)	●	255,452	253,000	101.0%
Net Operating Margin	●	26.2%	17.1%	
Per Member Per Month (PMPM) - Carrier Fees	●	\$19.9	\$20.1	98.9%
Per Member Per Month (PMPM) - Operating Expenses	●	\$15.2	\$17.2	88.4%
Months Cash on Hand	●	8.7	8.3	104.8%
Working Capital Ratio	●	5.6	5.1	110.4%
Net Promoter Score (NPS)	●	64	65	

Enrollments tracked close to targeted levels. Most key measures met or exceeded expected levels for the quarter. NPS was slightly under but given the variation in this measure when looked at over a short period a small variation is normal.

Financial Results (in 000's)	Status	YTD - 3 Months Ending 09.30.25		
		Actual	Budget	% of Budget
Revenues:				
Program Revenue	●	850	658	129.1%
Carrier Fees	●	15,216	15,244	99.8%
Grant/Other Revenue	●	863	631	136.6%
Total Revenue	●	16,929	16,534	102.4%
Expenditures:				
Technology	●	6,920	7,385	93.7%
Customer Service	●	2,054	2,059	99.7%
Marketing and Outreach	●	1,822	2,094	87.0%
Support Services	●	2,920	3,355	87.0%
Facilities	●	208	256	81.4%
Total Expenditures	●	13,924	15,148	91.9%
Less Capital Expenditures	●	(1,425)	(1,435)	99.3%
Earnings Before Depreciation	●	4,430	2,821	157.0%
Earnings After Depreciation	●	3,217	1,999	161.0%
Cash Flows	●	4,467	2,680	166.6%
Cash	●	39,070	37,283	104.8%
Working Capital	●	40,932	39,025	104.9%

The actual results for the quarter exceeded the budgeted expectations with overall earnings coming in at \$1.2 million better than budget (\$3.2 million compared to \$2 million budgeted). These higher earnings were primarily driven by lower expenditures for the quarter – further discussed below.

Detailed financial statements are attached to this memo. The following are high level explanations of budget to actual variances.

Revenue

Revenues were better than expected for the 1st quarter by \$400,000. The higher revenues were primarily driven by timing differences with the budget for Colorado Connect revenues and Medicaid cost reimbursements. These differences are expected to reverse in subsequent quarters. Carrier fee revenue was tracking close to budget.

Expenditures

Overall, expenditures came in \$1.2 lower than the budget for the quarter. The primary driver behind these lower expenses was delaying of new hires that were included in the budget along with delays in refilling some vacant positions. Due to the expected expiration of the enhanced premium tax credits in 2026, and resulting decline in enrollments/revenues, we are delaying new hires not specifically needed for the upcoming open enrollment. These delays do not impact our service center and technology readiness for open enrollment.

Other expenditures tracked close to expected budgeted levels with some small timing differences with budgeted media buy expenditures.

Travel and business expenditures by the CEO of \$8,400 were below the budgeted amount for the quarter of \$16,875. Of this total amount, \$58 was spent on business meals.

Cash

Attributable in part to the positive earnings results for the quarter, cash came in higher than forecasted levels by \$1.8 million. This contributed to our overall cash reserves and keeps us in a solid position for expected revenue decreases in the second half of the fiscal year and beyond.

Cash during the quarter was in a combination of bank accounts (\$9 million) and the CSIP liquid investment account (\$30 million). The current interest rate for the CSIP investment account is 4.2%.

PROJECTIONS

As part of our ongoing monitoring of long-term financial sustainability we regularly revise our long-range financial projections. Since we are in a similar position in determining the impacts of the expiration of the enhanced premium credits as we were when the fiscal year 2026 budget was prepared our projections have not changed. We are still anticipating enrollment decreases ranging from 65,000 to 100,000 in 2026 and preparing the organization for the transition to a lower revenue level. Based on the results of the upcoming open enrollment for 2026, we will be refining our projections over the next 3 years as part of next quarters report.

Based on the just completed financial audit for fiscal year 2025 we updated our balance projections to reflect the write-off of our Friday Health receivable totaling \$2.8 million. This had an impact on our working capital

position to start the year but was countered by higher ending cash balances than originally projected for the end of the prior year. The net impact kept us in a solid cash and working capital position to start the fiscal year.

Connect for Health Colorado
Statement of Revenues, Expenses, and Changes in Net Position

	FY 2026		
	3 months ending 09/30/2025		
	Actual	Budget	Actual vs Budget
REVENUE			
Carrier Fee - Individual	15,196,668	15,231,300	(34,632)
Carrier Fee Vision	19,736	12,600	7,136
HIAE Grant - Technology	-	-	-
Tax Credit Donations	-	-	-
Tax Credit Donations - SB81	-	-	-
Medicaid Cost Reimbursement	850,000	658,472	191,528
Interest Income	282,528	225,182	57,346
Other revenue (CoCo Service Fees)	580,078	406,250	173,828
Total Revenue	16,929,008	16,533,804	395,204
EXPENSES			
Technology			
Personnel	3,368,166	3,910,738	(542,572)
Maintenance & Operation	320,249	304,221	16,028
Software/Licenses/Subscriptions (Tech)	519,990	542,883	(22,893)
Hosting	491,537	573,574	(82,037)
DDI (Design, Dev., Implementation)	2,220,025	2,053,171	166,854
Capitalized DDI	(600,000)	(379,077)	(220,923)
Capitalized Salaries	(825,000)	(1,055,901)	230,901
Total Technology	5,494,968	5,949,609	(454,642)
Customer Service			
Personnel	1,382,341	1,423,167	(40,826)
Contracted Staffing	394,300	418,844	(24,545)
Operations Support	276,982	217,091	59,892
Total Customer Service	2,053,623	2,059,102	(5,479)
Marketing and Outreach			
Personnel	318,035	459,989	(141,953)
Media Buys - Radio/TV/Web	107,883	276,031	(168,148)
Outreach Services-Events, Sponsorships	202,500	230,750	(28,250)
Marketing Services	58,416	57,538	879
Assistance Network	1,135,360	1,069,384	65,976
Total Marketing and Outreach	1,822,195	2,093,692	(271,497)
Support services			
Personnel	2,541,298	2,914,342	(373,044)
Public Affairs Services	20,001	20,000	1
Professional Services	154,040	142,953	11,087
Training and Development	29,073	66,894	(37,821)
H/R Services	32,452	44,368	(11,916)
Legal Services	-	2,825	(2,825)
Audit Services	35,500	34,700	800
Insurance	24,654	26,422	(1,767)
Conferences/Meetings	10,377	16,225	(5,848)
Memberships/Dues/Subscriptions (Non-Tech)	37,965	36,498	1,468
Travel/Meals/Lodging	34,543	48,075	(13,532)
Other - G&A	6	1,250	(1,244)
Total Support Services	2,919,909	3,354,552	(434,643)
Facilities			
Occupancy	89,469	95,150	(5,681)
Supplies & Materials	13,514	29,803	(16,289)
Postage/Shipping	2,743	3,463	(720)
Printing/Copying/Shred	2,150	2,013	137
Phone/Internet	26,133	24,603	1,531
Equipment/Furniture and Fixture	74,136	100,675	(26,539)
Total Facilities	208,145	255,707	(47,561)
Total Operating Expenses	12,498,841	13,712,662	(1,213,821)
Net Income Before Depreciation	4,430,168	2,821,142	1,609,026
Depreciation	1,212,680	822,454	390,227
Net Income	3,217,487	1,998,688	1,218,799

**Connect for Health Colorado
Statement of Financial Position**

	FY 2026 9/30/2025	
	Actual	Budget
Assets:		
Current assets:		
Cash and cash equivalents	39,069,586	37,283,248
Accounts receivable (net)	10,741,647	11,301,169
Prepaid expenses	1,313,842	1,822,673
Security deposits	27,381	27,383
Total Current assets:	<u>51,152,456</u>	<u>50,434,473</u>
Noncurrent assets:		
Investment in Subsidiary	98,735	0
Capital assets:		
Web portal development	18,938,949	18,938,949
Software	48,363,645	48,373,623
Leasehold improvements	205,649	205,520
Office equipment	1,384,096	1,366,572
Furniture and fixtures	501,662	501,663
Less accumulated depreciation	<u>(50,187,165)</u>	<u>(49,735,915)</u>
Total Capital assets	19,206,836	19,650,412
Assets under lease - net	1,545,015	1,545,014
SBITA - net	<u>3,870,176</u>	<u>3,870,176</u>
Total Noncurrent assets:	<u>24,720,761</u>	<u>25,065,602</u>
Total Assets:	<u>75,873,217</u>	<u>75,500,076</u>
Liabilities and net position:		
Liabilities:		
Current liabilities:		
Accounts payable	3,371,200	4,749,948
Accrued liabilities	3,660,782	3,006,317
Payroll liabilities	1,847,214	1,803,587
Total Current liabilities:	<u>8,879,196</u>	<u>9,559,852</u>
Long-term liabilities:		
Lease Payable	1,809,091	1,809,091
SBITA Payable	<u>3,946,355</u>	<u>3,946,355</u>
Total Long-term liabilities:	<u>5,755,446</u>	<u>5,755,446</u>
Total Liabilities:	<u>14,634,642</u>	<u>15,315,298</u>
Net position:		
Unrestricted	<u>61,238,576</u>	<u>60,184,777</u>
Total Net position:	<u>61,238,576</u>	<u>60,184,777</u>
Total liabilities and net position:	<u>75,873,217</u>	<u>75,500,076</u>