

TO: CONNECT FOR HEALTH COLORADO EXECUTIVE AND
FINANCE COMMITTEE

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FROM: BRIAN BRAUN, CHIEF FINANCIAL OFFICER, DAVID HAGUE, CONTROLLER

SUBJECT: QUARTERLY FINANCIAL REPORT 3RD QUARTER FISCAL YEAR 2026

DATE: 4/23/2026

Key Performance Indicators	Status	YTD - 9 Months Ending 03.31.26		
		Actual	Budget	% of Target
Effectuated Enrollment (average)	●	248,843	230,000	108.2%
Net Operating Margin	●	31.5%	12.7%	
Per Member Per Month (PMPM) - Carrier Fees	●	\$21.2	\$20.1	105.4%
Per Member Per Month (PMPM) - Operating Expenses	●	\$17.3	\$20.5	84.5%
Months Cash on Hand	●	10.9	7.4	147.1%
Working Capital Ratio	●	6.5	6.7	97.1%
Net Promoter Score (NPS) -	●	66 compared to 64 prior to OE		

Key measures for the 9 months ending March 31, 2026 exceeded expectations due to favorable revenue and expenditure budget variances further explained below.

Financial Results (in 000's)	Status	YTD - 9 Months Ending 03.31.26		
		Actual	Budget	% of Budget
Revenues:				
Carrier Fees	●	47,423	41,595	114.0%
Program Revenue	●	9,766	7,581	128.8%
Grant/Other Revenue	●	3,034	1,987	152.7%
Total Revenue	●	60,222	51,163	117.7%
Expenditures:				
Technology	●	21,297	22,386	95.1%
Customer Service	●	8,304	8,932	93.0%
Marketing and Outreach	●	6,054	6,924	87.4%
Support Services	●	8,840	9,987	88.5%
Facilities	●	577	768	75.2%
Total Expenditures	●	45,073	48,996	92.0%
Less Capital Expenditures	●	(3,795)	(4,341)	87.4%
Earnings Before Depreciation	●	18,944	6,508	291.1%
Earnings After Depreciation	●	16,031	3,469	462.1%
Cash Flows	●	14,401	(1,297)	
Cash	●	49,004	33,306	147.1%
Working Capital	●	52,832	42,020	125.7%

Overall earnings were \$12.5 million better than budget (\$16 million compared to \$3.5 million budgeted). The following are high level explanations of the budget to actual variances that drove the higher earnings for the period. Detailed financial statements are attached to this memo.

Revenue

Total revenues for the 9 months were \$9 million better than budgeted expectations. In particular, enrollments for the 2026 plan year surpassed budget expectations, despite anticipated declines from expiration of enhanced subsidies. These higher enrollments combined with larger than expected increases in premium levels contributed to higher carrier fee revenue. Higher revenues were also driven by SB-81 donations being considerably higher than anticipated (\$2.2 million compared to \$300,000 budgeted). The budget for these funds was based on the prior year donation level

Expenditures

Also contributing to better than expected earnings, expenditures for the 9 months were \$4 million below budget. Much of this lower spend was the result of deferred spending due to the unknown impact of the expiration of the enhanced subsidies. Despite this lower spending, open enrollment went smoothly and we saw improvements in our operating metrics.

Travel and business expenditures by the CEO for the quarter of \$8,293 were below the budgeted amount of \$16,875. Year to date CEO travel related expenditures were \$18,580, compared to \$50,625 budgeted. Of the total amounts for the quarter and year to date, \$0 and \$396 were respectively spent on business meals.

Cash

Attributable to the higher earnings, cash and investment balances are \$16 million higher than budgeted as of December 31. With the end of open enrollment and more certainty regarding 2027 enrollments/revenues, we will be ramping up development activities along with catching up on deferred projects and staffing in the remainder of the fiscal year.

Cash during the quarter was in a combination of liquid bank accounts (\$5.8 million) and the CSIP liquid investment account (\$43.2 million). The current interest rate for the CSIP investment account is 3.83%. Cash exceeded our target reserve of \$30 million at the end of the quarter. Increased investments utilizing excess cash are anticipated going into the next fiscal year for platform/website improvements to improve the customer experience, expanded marketing efforts and improving broker, assister and issuer services. Further discussion of initiatives is in the FY27 budget package.

PROJECTIONS

Projections for the remainder of the fiscal year show continued positive results against budget with revenue forecasted to end the year 21% higher than budget and expenditures 6% below budget. The FY27 budget along with 3 year projections are currently going through the review process with the Board and are available as part of the budget package.

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

	FY 2026		
	9 months ending 03/31/26		
	Actual	Budget	Actual vs Budget
REVENUE			
Carrier Fee - Individual	47,356,140	41,556,928	5,799,211
Carrier Fee Vision	66,403	37,800	28,603
HIAE Grant - Technology	-	-	-
Tax Credit Donations	5,000,000	5,000,000	-
Tax Credit Donations - SB81	2,230,837	300,000	1,930,837
Medicaid Cost Reimbursement	2,534,726	2,281,448	253,278
Interest Income	1,014,684	767,983	246,701
Other revenue (CoCo Service Fees)	2,019,348	1,218,750	800,598
Total Revenue	60,222,138	51,162,910	9,059,228
EXPENSES			
Technology			
Personnel	10,129,288	11,865,388	(1,736,099)
Maintenance & Operation	1,043,278	1,042,023	1,255
Software/Licenses/Subscriptions (Tech)	1,603,386	1,627,149	(23,763)
Hosting	1,670,273	1,720,723	(50,449)
DDI (Design, Dev., Implementation)	6,850,907	6,130,393	720,514
Capitalized DDI	(1,925,662)	(1,137,231)	(788,431)
Capitalized Salaries	(1,869,254)	(3,203,658)	1,334,404
Total Technology	17,502,217	18,044,787	(542,569)
Customer Service			
Personnel	4,172,508	4,303,068	(130,560)
Contracted Staffing	2,857,465	3,289,562	(432,097)
Operations Support	1,273,986	1,339,269	(65,282)
Total Customer Service	8,303,959	8,931,899	(627,940)
Marketing and Outreach			
Personnel	865,824	1,432,686	(566,861)
Media Buys - Radio/TV/Web	1,771,419	2,058,094	(286,675)
Outreach Services-Events, Sponsorships	421,205	448,250	(27,045)
Marketing Services	226,203	123,813	102,390
Assistance Network	2,769,720	2,860,789	(91,069)
Total Marketing and Outreach	6,054,372	6,923,631	(869,260)
Support services			
Personnel	7,853,854	8,743,026	(889,172)
Public Affairs Services	60,002	60,000	2
Professional Services	429,132	410,860	18,272
Training and Development	60,461	192,995	(132,534)
H/R Services	98,231	131,804	(33,573)
Legal Services	17,001	8,475	8,526
Audit Services	50,475	62,450	(11,975)
Insurance	78,014	79,265	(1,251)
Conferences/Meetings	15,250	40,675	(25,425)
Memberships/Dues/Subscriptions (Non-Tech)	115,124	109,493	5,631
Travel/Meals/Lodging	62,407	144,225	(81,818)
Other - G&A	56	3,750	(3,694)
Total Support Services	8,840,007	9,987,018	(1,147,011)
Facilities			
Occupancy	268,738	286,169	(17,431)
Supplies & Materials	32,616	89,409	(56,793)
Postage/Shipping	3,281	10,484	(7,203)
Printing/Copying/Shred	7,375	6,039	1,336
Phone/Internet	59,130	73,808	(14,677)
Equipment/Furniture and Fixture	206,349	302,025	(95,676)
Total Facilities	577,489	767,933	(190,444)
Total Operating Expenses	41,278,045	44,655,268	(3,377,223)
Net Income Before Depreciation	18,944,093	6,507,642	12,436,451
Depreciation	2,913,058	3,038,636	(125,579)
Net Income	16,031,035	3,469,006	12,562,030

Connect for Health Colorado Statement of Financial Position

	FY 2026 3/31/2026	
	Actual	Budget
Assets:		
Current assets:		
Cash and cash equivalents	49,004,049	33,305,691
Accounts receivable (net)	13,357,194	16,039,519
Prepaid expenses	1,553,950	1,498,436
Security deposits	27,381	27,381
Total Current assets:	63,942,574	50,871,027
Noncurrent assets:		
Capital assets:		
Web portal development	18,938,949	18,938,949
Software	50,733,560	50,131,935
Leasehold improvements	205,649	205,520
Office equipment	1,388,284	1,325,303
Furniture and fixtures	501,662	501,663
Less accumulated depreciation	(51,887,542)	(52,818,971)
Total Capital assets	19,880,561	18,284,399
Investment in Subsidiary	98,735	0
Assets under lease - net	1,545,015	1,545,014
SBITA - net	3,870,176	3,870,176
Total Noncurrent assets:	25,394,487	23,699,589
Total Assets:	89,337,061	74,570,616
Liabilities and net position:		
Liabilities:		
Current liabilities:		
Accounts payable	3,673,978	2,756,112
Accrued liabilities	3,894,678	2,753,143
Payroll liabilities	1,960,835	1,815,822
Total Current liabilities:	9,529,492	7,325,077
Long-term liabilities:		
Lease Payable	1,809,091	1,809,091
SBITA Payable	3,946,355	3,946,355
Total Long-term liabilities:	5,755,446	5,755,446
Total Liabilities:	15,284,938	13,080,523
Net position:		
Unrestricted	74,052,124	61,490,093
Total Net position:	74,052,124	61,490,093
Total liabilities and net position:	89,337,061	74,570,616