

**COLORADO FIREFIGHTER HEART AND  
CANCER BENEFITS TRUST**

**FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2022 AND 2021**



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**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST  
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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Colorado Firefighter Heart and Cancer Benefits Trust  
Denver, Colorado

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Colorado Firefighter Heart and Cancer Benefits Trust (the Trust) as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Trust as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows for the years then ended 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other 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 Trust's ability to continue as a going concern for one year after the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' 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 auditors' 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.

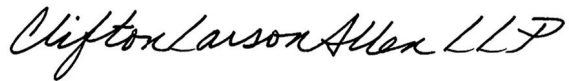
In performing an audit in accordance with GAAS, we:

- 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 Trust'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 Trust'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.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and loss development information on pages 4 through 9 and 18 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



**CliftonLarsonAllen LLP**

Broomfield, Colorado  
August 18, 2022

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

The discussion and analysis is designed to provide an analysis of the Colorado Firefighter Heart and Cancer Benefit Trust's (the Trust) financial condition and operating results and to inform the reader on the Trust's financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the Trust's financial statements.

**Program Overview**

The Heart Program was established to provide benefits to eligible firefighters who suffered heart and circulatory malfunctions under Part 3 of Article 5 of Title 29 of CRS. Employers must be a special district, a city, or a town to participate in the Trust. The heart program began to provide benefits on January 1, 2015. As of June 30, 2022, there were 91 members with approximately 3,717 firefighters covered. Participating members are reimbursed 100% for their full time firefighters by the Colorado Department of Local Affairs (DOLA).

The cancer program was established on July 1, 2017 pursuant to Colorado Senate Bill 17-214, to provide cancer benefits to eligible firefighters similar to the heart program. On a voluntary basis by employer, it covers the five types of statutory cancers with faster payout than under the 2007 presumptive of cancer in the workers' compensation system. As of June 30, 2022, there were 81 members with approximately 3,450 firefighters covered. The breast cancer coverage was added to the cancer award program effective January 1, 2021. The cost for breast cancer coverage is not eligible for reimbursement through the Colorado Special Districts Property and Liability Pool given that the cost of covering breast cancer claims is not contemplated in the National Council on Compensation Insurance (NCCI) rates as it is for other covered cancers under the statutory Workers' Compensation Act. Fire districts belonging to the Colorado Special Districts Property and Liability Pool (CSDP) get their contributions paid for by the CSDP (excluding breast cancer coverage). As cancer loads in the NCCI rates drop over time so will the reimbursement percentage by the CSDP. Self-insured cities and those insured by other carriers should receive significant savings from their insurer or excess carriers upon joining the cancer program within the Trust.

The financial statements of the Trust are presented as a special purpose government engaged only in the business-type activities of providing certain heart and cancer benefits.

The *Statements of Net Position* present information on all of the Trust's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Trust is improving or deteriorating.

The *Statements of Revenues, Expenses and Changes in Net Position* present information that reflects how the Trust's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The *Statements of Cash Flows* report the Trust's cash flows from operating and investing activities.

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

**Financial Overview and Highlights**

The analysis below presents a comparison of the Trust's current year financial position to the prior year:

	Heart Benefits		Cancer Benefits		Total	
	2022	2021	2022	2021	2022	2021
<b>ASSETS</b>						
Cash	\$ 403,271	\$ 370,602	\$ 219,955	\$ 249,616	\$ 623,226	\$ 620,218
COLOTRUST Investment	2,626	81,614	29,794	29,719	32,420	111,333
CSAFE Investment	2,168,778	2,000,249	1,441,171	1,000,123	3,609,949	3,000,372
Contribution Receivable	-	-	-	184	-	184
Deposit with Sedgwick	5,210	9,700	(4,210)	-	1,000	9,700
Prepaid Expense	5,801	6,298	5,801	5,460	11,602	11,758
Total Assets	<u>\$ 2,585,686</u>	<u>\$ 2,468,463</u>	<u>\$ 1,692,511</u>	<u>\$ 1,285,102</u>	<u>\$ 4,278,197</u>	<u>\$ 3,753,565</u>
<b>LIABILITIES AND NET POSITION</b>						
<b>LIABILITIES</b>						
Claims Loss Reserve	\$ 54,482	\$ 187,600	\$ 399,196	\$ 160,476	\$ 453,678	\$ 348,076
Unearned Contributions	391,173	347,725	254,522	297,429	645,695	645,154
Accrued Expenses	540	1,095	4,344	610	4,884	1,705
Total Liabilities	<u>446,195</u>	<u>536,420</u>	<u>658,062</u>	<u>458,515</u>	<u>1,104,257</u>	<u>994,935</u>
<b>NET POSITION</b>						
Unrestricted	<u>2,139,491</u>	<u>1,932,043</u>	<u>1,034,449</u>	<u>826,587</u>	<u>3,173,940</u>	<u>2,758,630</u>
Total Net Position	<u>2,139,491</u>	<u>1,932,043</u>	<u>1,034,449</u>	<u>826,587</u>	<u>3,173,940</u>	<u>2,758,630</u>
Total Liabilities and Net Position	<u>\$ 2,585,686</u>	<u>\$ 2,468,463</u>	<u>\$ 1,692,511</u>	<u>\$ 1,285,102</u>	<u>\$ 4,278,197</u>	<u>\$ 3,753,565</u>

Approximately 99% of total assets at June 30, 2022 and 2021 consist of cash and cash equivalents primarily invested in Local Government Investment Pools (COLOTRUST and CSAFE). As a result of the Trust's conservative investment objectives and policies, the investment yield from COLOTRUST was 1.17% and 0.50% at June 30, 2022 and 2021, respectively, and the investment yield from CSAFE was 1.15% and 0.09% at June 30, 2022 and 2021, respectively.

It is worth noting that for coverage year 2021-2022, the actuary projects that the claim reserves, including the incurred but not reported (IBNR), for the cancer program is \$339,196 and \$54,482 for the heart program.

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

The analysis below presents a comparison of the Trust's financial position for the two prior years, 2021 and 2020.

	Heart Benefits		Cancer Benefits		Total	
	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>						
Cash	\$ 370,602	\$ 179,838	\$ 249,616	\$ 19,284	\$ 620,218	\$ 199,122
COLOTRUST Investment	81,614	1,845,242	29,719	661,483	111,333	2,506,725
CSAFE Investment	2,000,249	-	1,000,123	-	3,000,372	-
Contribution Receivable	-	-	184	-	184	-
Deposit with Sedgwick	9,700	10,000	-	-	9,700	10,000
Prepaid Expense	6,298	5,406	5,460	5,425	11,758	10,831
Total Assets	<u>\$ 2,468,463</u>	<u>\$ 2,040,486</u>	<u>\$ 1,285,102</u>	<u>\$ 686,192</u>	<u>\$ 3,753,565</u>	<u>\$ 2,726,678</u>
<b>LIABILITIES AND NET POSITION</b>						
<b>LIABILITIES</b>						
Claims Loss Reserve	\$ 187,600	\$ 99,433	\$ 160,476	\$ 247,972	\$ 348,076	\$ 347,405
Unearned Contributions	347,725	128,575	297,429	51,019	645,154	179,594
Accrued Expenses	1,095	2,281	610	4,728	1,705	7,009
Total Liabilities	<u>536,420</u>	<u>230,289</u>	<u>458,515</u>	<u>303,719</u>	<u>994,935</u>	<u>534,008</u>
<b>NET POSITION</b>						
Unrestricted	<u>1,932,043</u>	<u>1,810,197</u>	<u>826,587</u>	<u>382,473</u>	<u>2,758,630</u>	<u>2,192,670</u>
Total Net Position	<u>1,932,043</u>	<u>1,810,197</u>	<u>826,587</u>	<u>382,473</u>	<u>2,758,630</u>	<u>2,192,670</u>
Total Liabilities and Net Position	<u>\$ 2,468,463</u>	<u>\$ 2,040,486</u>	<u>\$ 1,285,102</u>	<u>\$ 686,192</u>	<u>\$ 3,753,565</u>	<u>\$ 2,726,678</u>

Approximately 99% of total assets at June 30, 2021 and 2020 consist of cash and cash equivalents primarily invested in the Local Government Investment Pool (COLOTRUST and CSAFE). As a result of the Trust's conservative investment objectives and policies, the investment yield from COLOTRUST was 0.04% and 0.50% at June 30, 2021 and 2020, respectively, and the investment yield from CSAFE was 0.09% at June 30, 2021 (not held in 2020).

It is worth noting that for coverage year 2020-2021, the actuary projects that the claim reserves, including the incurred but not reported (IBNR), for the cancer program is \$160,476 and \$187,600 for the heart program.

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

The analysis below presents a comparison of the Trust's current year net income to the prior year:

	Heart Benefits		Cancer Benefits		Total	
	2022	2021	2022	2021	2022	2021
<b>REVENUE</b>						
Contributions	\$ 637,125	\$ 603,706	\$ 1,072,311	\$ 911,695	\$ 1,709,436	\$ 1,515,401
<b>UNDERWRITING EXPENSES</b>						
Claims Expense	172,192	311,243	707,337	326,658	879,529	637,901
Claims Administration Fees	11,195	12,057	25,321	23,709	36,516	35,766
Management Expenses	63,478	61,863	107,466	89,678	170,944	151,541
General and Administrative Expenses	188,473	100,317	28,329	28,895	216,802	129,212
Total Operating Expenses	435,338	485,480	868,453	468,940	1,303,791	954,420
<b>INCOME FROM OPERATIONS</b>	201,787	118,226	203,858	442,755	405,645	560,981
Investment Income	5,663	3,619	4,002	1,360	9,665	4,979
<b>NET INCOME</b>	207,450	121,845	207,860	444,115	415,310	565,960
<b>NET POSITION - BEGINNING OF YEAR</b>	1,932,045	1,810,200	826,585	382,470	2,758,630	2,192,670
<b>NET POSITION - END OF YEAR</b>	<u>\$ 2,139,495</u>	<u>\$ 1,932,045</u>	<u>\$ 1,034,445</u>	<u>\$ 826,585</u>	<u>\$ 3,173,940</u>	<u>\$ 2,758,630</u>

Contributions for the heart program increased \$33,419, approximately 6% over the previous year. Contributions for the cancer program increased \$160,616, approximately 18% over the previous year.

The Trust received cancer program contributions from the CSDP's workers' compensation program of \$626,075 for the year ended June 30, 2022. These are reported as contributions by the cancer program. Members in both the CSDP workers' compensation program and the Trust cancer program receive a 100% contribution from CSDP workers' compensation to the Trust cancer program (excluding breast cancer coverage).

For coverage year 2021-2022, the total incurred loss for the heart program was \$172,192 and for the cancer program was \$707,337. The total incurred loss includes actual claim payments, case reserves, and IBNR estimates.

Management expenses are for the operation, administration, and management of the Trust by McGriff Insurance Services, Inc. The fee is 10% of the expiring year's gross written contributions, which amounted to \$170,944 and \$151,541 for the years ended June 30, 2022 and 2021, respectively.

General and administrative expenses for the heart program increased by \$88,156 from 2021 to 2022. This increase was primarily due to an increase in the loss prevention grant program which amounted to \$83,183 more than 2021.

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

General and administrative expenses for the cancer program decreased by \$566 from 2021 to 2022. This decrease was primarily due to a decrease in postage, mailing, and office supplies expenses which amounted to \$223 less than 2021.

The overall decrease in net income of \$150,650 is due primarily to an increase in claims expense of \$241,628 from 2021. This increase was mainly related to the cancer benefit, along with related claims administration fees. The increase was supplemented by an increase in the loss prevention of expenses of \$83,183 from 2021. Additionally management fees increased by \$19,403 from 2021. Management fees are calculated based on contributions written. The increase in expenses was offset by an increase in premiums of \$194,305 from 2021, due to additional members along with an increase in investment income of \$4,686 from 2021.

The analysis below presents a comparison of the Trust's net income for the two prior years, 2021 and 2020.

	Heart Benefits		Cancer Benefits		Total	
	2021	2020	2021	2020	2021	2020
<b>REVENUE</b>						
Contributions	\$ 603,706	\$ 559,537	\$ 911,695	\$ 744,567	\$ 1,515,401	\$ 1,304,104
<b>UNDERWRITING EXPENSES</b>						
Claims Expense	311,243	104,538	326,658	491,768	637,901	596,306
Claims Administration Fees	12,057	16,094	23,709	61,798	35,766	77,892
Management Expenses	61,863	55,957	89,678	74,453	151,541	130,410
General and Administrative Expenses	100,317	108,383	28,895	19,507	129,212	127,890
Total Operating Expenses	485,480	284,972	468,940	647,526	954,420	932,498
<b>INCOME FROM OPERATIONS</b>	118,226	274,565	442,755	97,041	560,981	371,606
Investment Income	3,619	33,426	1,360	14,998	4,979	48,424
<b>NET INCOME</b>	121,845	307,991	444,115	112,039	565,960	420,030
<b>NET POSITION - BEGINNING OF YEAR</b>	1,810,200	1,502,209	382,470	270,431	2,192,670	1,772,640
<b>NET POSITION - END OF YEAR</b>	<u>\$ 1,932,045</u>	<u>\$ 1,810,200</u>	<u>\$ 826,585</u>	<u>\$ 382,470</u>	<u>\$ 2,758,630</u>	<u>\$ 2,192,670</u>

Contributions for the heart program increased \$44,169, approximately 8% over the previous year. Contributions for the cancer program increased \$167,128, approximately 22% over the previous year.

The Trust received cancer program contributions from the CSDP's workers' compensation program of \$546,404 for the year ended June 30, 2021. These are reported as contributions by the cancer program. Members in both the CSDP workers' compensation program and the Trust cancer program receive a 100% contribution from CSDP workers' compensation to the Trust cancer program.

For coverage year 2020-2021, the total incurred loss for the heart program was \$311,243 and for the cancer program was \$326,658. The total incurred loss includes actual claim payments, case reserves, and IBNR estimates.

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022 AND 2021**

Management expenses are for the operation, administration, and management of the Trust by McGriff, Seibels & Williams, Inc. The fee is 10% of the expiring year's gross written contributions, which amounted to \$151,541 and \$130,410 for the years ended June 30, 2021 and 2020, respectively.

General and administrative expenses for the heart program decreased by \$8,066 from 2020 to 2021. This decrease was primarily due to a decrease in the loss prevention grant program which amounted to \$3,851 less than 2020, and decrease in legal expenses which amounted to \$3,224 less than 2020.

General and administrative expenses for the cancer program increased by \$9,388 from 2020 to 2021. This increase was primarily due to an increase in legal expenses which amounted to \$6,508 more than 2020, and an increase in marketing expenses which amounted to \$2,452 more than 2020.

The overall increase in net income of \$145,930 is due primarily to an increase in contribution revenues of \$211,297 from 2020. This increase was mainly related to new business as well as additional firefighters participation from existing members. The increase was offset by a decrease in the general and administrative expenses for the Trust of \$1,322 from 2020. Additionally management fees increased by \$21,131 from 2020. Management fees are calculated based on contributions written.

**Economic Outlook**

Both programs in the Trust continue to maintain positive net position year over year. The Trust will continue to work with its actuary to review historical data and set proper rates to be sufficient to cover claims incurred.

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 4,265,595	\$ 3,731,923
Deposit with Sedgwick	1,000	9,700
Contribution Receivable	-	184
Prepaid Expenses	11,602	11,758
Total Assets	\$ 4,278,197	\$ 3,753,565
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Claims Loss Reserve	\$ 453,678	\$ 348,076
Unearned Contributions	645,695	645,154
Accrued Expenses	4,884	1,705
Total Liabilities	1,104,257	994,935
<b>NET POSITION</b>		
Unrestricted	3,173,940	2,758,630
Total Liabilities and Net Position	\$ 4,278,197	\$ 3,753,565

See accompanying Notes to Financial Statements.

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>OPERATING REVENUE</b>		
Contributions	\$ 1,709,436	\$ 1,515,401
<b>OPERATING EXPENSES</b>		
Claims Expense	879,529	637,901
Claims Administration Fees	36,516	35,766
Management Expense	170,944	151,541
General and Administrative Expenses	216,802	129,212
Total Operating Expenses	1,303,791	954,420
<b>INCOME FROM OPERATIONS</b>	405,645	560,981
<b>NONOPERATING REVENUE</b>		
Net Investment Income	9,665	4,979
<b>CHANGES IN NET POSITION</b>	415,310	565,960
Net Position - Beginning of Year	2,758,630	2,192,670
<b>NET POSITION - END OF YEAR</b>	\$ 3,173,940	\$ 2,758,630

See accompanying Notes to Financial Statements.

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Contributions Received from Members	\$ 1,710,161	\$ 1,980,777
Claims Paid	(773,927)	(637,230)
Commissions, Contributions, and Administrative Expenses Paid	(412,227)	(322,450)
Net Cash Provided by Operating Activities	524,007	1,021,097
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received	9,665	4,979
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	533,672	1,026,076
Cash and Cash Equivalents - Beginning of Year	3,731,923	2,705,847
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 4,265,595	\$ 3,731,923
 <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income from Operations	\$ 405,645	\$ 560,981
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Effect of Changes in Assets and Liabilities:		
Prepaid Expenses	156	(927)
Claims Loss Reserve	105,602	671
Unearned Contributions	541	465,560
Accrued Expenses	3,179	(5,304)
Contribution Receivable	184	(184)
Deposit with Sedgwick	8,700	300
Total Adjustments	118,362	460,116
Net Cash Provided by Operating Activities	\$ 524,007	\$ 1,021,097

See accompanying Notes to Financial Statements.

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Colorado Firefighter Heart and Circulatory Benefits Trust was established to provide a benefit plan that provides firefighter heart and circulatory malfunction benefits consistent with the provisions of Part 3 of Article 5 of Title 29, C.R.S for eligible employees of any member district, city, or town of the Trust. The Trust began to provide heart and circulatory benefits beginning January 1, 2015. At June 30, 2022 and 2021, there were 91 and 92 members, respectively.

On May 17, 2017, pursuant to Colorado Senate Bill 17-214, which enacted Part 4 of Article 5 of Title 29, C.R.S for eligible employees of any member district, city, or town of the Trust, the Trust amended its trust agreement to acknowledge participation in a voluntary cancer benefit trust providing a cancer benefit plan outlined in the C.R.S. The Trust adopted a new legal name at this time, Colorado Firefighter Heart and Cancer Benefits Trust, (the Trust). Such name change and amendments to the trust agreement took effect, and the Trust began providing cancer benefits to members on July 1, 2017. The breast cancer coverage was added to the cancer award program effective January 1, 2021. The cost for breast cancer coverage is not eligible for reimbursement through the Colorado Special Districts Property and Liability Pool given that the cost of covering breast cancer claims is not contemplated in the NCCI rates as it is for other covered cancers under the statutory Workers' Compensation Act. At June 30, 2022 and 2021 there were 81 and 82 members, respectively. The members are made up of districts, cities, and towns within Colorado. The Trust accepts contributions from members to be paid over to the Trust Committee in accordance with terms of its trust agreement, which are held in trust and then disbursements are made from the Trust in accordance with its trust agreement.

The Trust provides an essential governmental function to its members as described in Section 115 of the Internal Revenue Code (IRC) and is considered to be exempt from federal income taxes pursuant to the IRC.

**Basis of Presentation and Accounting**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental risk pools, set forth by the Governmental Accounting Standards Board. The activities of the Trust are accounted for as an enterprise fund, and the economic resources measurement focus and accrual basis of accounting is utilized where revenue is recognized when earned and expenses are recognized when the liability is incurred.

The Trust distinguishes between operating revenues and expenses and nonoperating items in the statements of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services in connection with the Trust's purpose of providing heart and cancer benefits for its members. Operating revenues consist of contributions from its members. Operating expenses include the cost of claims paid and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash Equivalents**

For purposes of the statements of cash flows, the Trust considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

**Investments**

All investments are carried at net asset value.

**Claim Loss Reserve and Claims Expense**

The claim loss reserve and claims expense (both allocated and unallocated) include estimates of the ultimate net cost of all losses which are incurred but unpaid, as well as a provision for incurred but not reported losses, as of June 30, 2022 and 2021.

The claim loss reserve and claims expense are both determined using individual case evaluations and independent actuarial projections. These estimates are continually reviewed and, as adjustments become necessary, such adjustments are reflected in current operations. The liabilities are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors, and are reported at present values.

Since reserves are based on estimates, the ultimate settlement of claims may vary from the amounts included in the financial statements. Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the claim loss reserve and claims expense are reasonable.

**Contributions**

The Trust agreement provides for contributions from the members in accordance with rates established by the board of trustees. The board of trustees reserves the right to increase or adjust the rates based on an actuarial evaluation of the claims experience.

Contributions are recognized as earned on a daily pro rata basis in proportion to the period of coverage provided.

Contributions billed and received prior to the due date are recorded as unearned contributions and recognized as revenue in the period for which they relate.

**Net Position**

Net position presents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the statement of net position. Restricted net position results when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation. The Trust has no restricted net position, all net position is considered unrestricted.

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

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

**NOTE 2 CASH DEPOSITS AND CASH EQUIVALENTS**

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government, and entities such as the Trust, deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all of the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits. The Trust does not have any uncollateralized deposits as amounts above the federal insurance levels are collateralized by PDPA.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2022 and 2021, the Trust's cash deposits had a carrying balance of \$623,226 and \$620,218, respectively.

**Investments**

The Trust has adopted an investment policy, which limits investments to:

- U.S. Treasury and Agencies
- U.S. Government Sponsored Enterprises
- U.S. Municipal Securities
- Corporate Debt Instruments of all forms (excluding subordinated, must be U.S. Dollar denominated)
- Local Government Investment Pools
- Money Market Funds (\$1 billion dollar minimum fund size)
- Repurchase Agreements (only collateralized by U.S. Treasury and Agencies or U.S. Government Sponsored Enterprises)

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)**

**Interest Rate Risk**

As of June 30, the Trust had the following investments, which are included in Cash and Cash Equivalents in the Statement of Net Position:

	Fair Value	Maturity (In Years)
<u>June 30, 2022</u>		
Investment Type:		
Local Government Investment Pool (COLOTRUST)	\$ 32,420	< 1
Local Government Investment Pool (CSAFE)	3,609,949	< 1
Total Investments	\$ 3,642,369	
<u>June 30, 2021</u>		
Investment Type:		
Local Government Investment Pool (COLOTRUST)	\$ 111,333	< 1
Local Government Investment Pool (CSAFE)	3,000,372	< 1
Total Investments	\$ 3,111,705	

**Credit Risk**

**COLOTRUST**

As of June 30, 2022 and 2021, the Trust had invested \$32,420 and \$111,333 respectively, in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under C.R.S. 24-75-601. A designated custodial bank serves as custodian for COLOTRUST's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for COLOTRUST's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by COLOTRUST. The pool is rated AAAM by Standard & Poor's. COLOTRUST records its investments at fair value.

The Trust categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Trust's investment in COLOTRUST as of June 30, 2022 and 2021 is measured at net asset value and is therefore not categorized in a level of the fair value hierarchy. The fair value of the investment is the same as the value of pool shares. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)**

**Credit Risk (Continued)**

**CSAFE**

As of June 30, 2022 and 2021, the Trust had invested \$3,609,949 and \$3,000,372 respectively, in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. CSAFE CORE records its investments at fair value. The Trust's investment in CSAFE CORE is measured at net asset value, equal to \$2.00 per share, and is therefore not categorized in a level of the fair value hierarchy. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pool. The pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7. The pool is rated AAAM by Standard & Poor's. Investments of the pool are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. The fair value of the investment is the same as the value of pool shares.

**NOTE 3 CLAIMS PAYABLE**

As discussed in Note 1, the Trust establishes a liability for both reported and unreported claims. The following represents changes in that liability for the Trust for the years ended June 30:

	Heart Benefits			Cancer Benefits			Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Claims Payable - Beginning of Year	\$ 187,600	\$ 99,433	\$ 95,179	\$ 160,476	\$ 247,972	\$ 293,075	\$ 348,076	\$ 347,405	\$ 388,254
Provision for Claims Expenses:									
Provision for Covered Events of the Current Year	238,177	326,215	151,503	392,333	358,020	187,788	630,510	684,235	339,291
Increase/(Decrease) in Provisions for Covered Events of Prior Years	(65,985)	(14,973)	(46,965)	315,006	(31,361)	303,980	249,021	(46,334)	257,015
Total Provision for Claims Expenses (Gains)	172,192	311,242	104,538	707,339	326,659	491,768	879,531	637,901	596,306
Payments:									
Claims Expenses Attributable to Covered Events of the Current Year	186,180	188,615	52,199	181,176	215,953	133,066	367,356	404,568	185,265
Claims Expenses Attributable to Covered Events of Prior Years	119,130	34,460	48,085	287,443	198,202	403,805	406,573	232,662	451,890
Total Payments	305,310	223,075	100,284	468,619	414,155	536,871	773,929	637,230	637,155
Claims Payable - End of Year	\$ 54,482	\$ 187,600	\$ 99,433	\$ 399,196	\$ 160,476	\$ 247,972	\$ 453,678	\$ 348,076	\$ 347,405

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 ADMINISTRATION**

The Trust has an agreement with McGriff Insurance Services, Inc. to operate, administer, and manage the Trust. Under this agreement, the management fee is 10% of the expiring year's gross written contribution, which amounted to \$170,944 and \$151,541 for the years ended June 30, 2022 and 2021, respectively.

The Trust has an agreement with Sedgwick Claims Management Services, Inc. to administer claims processing, which was effective beginning July 1, 2020. The claims processing fees paid for the years ended June 30, 2022 and 2021 were \$36,516 and \$35,766, respectively.

**COLORADO FIREFIGHTER HEART AND CANCER BENEFITS TRUST**  
**LOSS DEVELOPMENT INFORMATION**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Six Months Ended June 30, 2015*	Year Ended June 30,						
		2016*	2017*	2018	2019	2020	2021	2022
1) Net Earned Required Contributions, Investment Revenue, and Commissions	\$ 485,518	\$ 466,539	\$ 510,361	\$ 1,108,705	\$ 1,277,135	\$ 1,352,528	\$ 1,520,380	\$ 1,719,101
2) Unallocated Expenses	70,713	88,751	142,616	287,570	362,907	336,192	316,519	424,262
3) Estimated Incurred Losses and Expenses - End of Accident Year	6,087	122,497	31,770	412,516	589,343	339,291	684,235	630,510
4) Paid (Cumulative) as of:								
End of Accident Year	4,000	62,497	27,354	222,339	205,855	185,265	404,568	367,356
One Year Later	4,000	79,814	31,931	413,120	652,915	224,265	759,955	
Two Years Later	4,087	79,814	31,931	416,218	846,233	274,355		
Three Years Later	4,087	79,814	31,931	416,562	846,672			
Four Years Later	4,087	81,549	31,931	417,218				
Five Years Later	4,087	81,549	31,931					
Six Years Later	4,087	81,549						
Seven Years Later	4,087							
Eight Years Later								
Nine Years Later								
5) Re-Estimated Incurred Losses and Expenses								
Losses and Expense:								
End of Accident Year	6,087	122,497	31,770	412,516	589,343	339,291	684,235	630,510
One Year Later	6,000	79,814	31,931	417,886	846,291	289,028	931,841	
Two Years Later	4,087	79,814	31,931	416,218	849,876	288,680		
Three Years Later	4,087	79,814	31,931	416,562	848,890			
Four Years Later	4,087	81,549	31,931	419,313				
Five Years Later	4,087	81,549	31,931					
Six Years Later	4,087	81,549						
Seven Years Later	4,087							
Eight Years Later								
Nine Years Later								
6) Increase (Decrease) in Estimated Incurred Losses and Expenses from End of Year (5 Less 3)	(2,000)	(40,948)	161	6,797	259,547	(50,611)	247,606	-
7) Net Loss and Loss Adjustment Expenses Reserves (5 Less 4)	-	-	-	2,095	2,218	14,325	171,886	263,154

\* Note: Years ended June 30, 2015 through 2017 include only heart and circulatory benefits.



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