

**COLORADO FIREFIGHTER HEART, CANCER, AND
BEHAVIORAL HEALTH BENEFITS TRUST**

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



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COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
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YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Colorado Firefighter Heart, Cancer, and Behavioral Health Benefits Trust (the Trust) as of and for the years ended June 30, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the Trust's 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 financial position of the Trust as of June 30, 2023 and 2022, and the changes in financial position and its 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 twelve months beyond 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.

Board of Trustees
Colorado Firefighter Heart, Cancer, and
Behavioral Health Benefits Trust

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 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 GAAS, 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 audits 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

CliftonLarsonAllen LLP

Broomfield, Colorado
August 17, 2023

**COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

The discussion and analysis is designed to provide an analysis of the Colorado Firefighter Heart, Cancer and Behavioral Health 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, 2023, there were 96 members with approximately 3,964 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, 2023, there were 101 members with approximately 4,582 firefighters covered. The breast and thyroid cancer coverage was added to the cancer award program effective January 1, 2021 and July 1, 2022 respectively. The cost for breast and thyroid 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 and thyroid 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 behavioral health program was launched on February 10, 2023 pursuant to Colorado Senate Bill 22-002. The coverage is automatically extended to all Colorado firefighters to receive reimbursement for behavioral and mental health treatment that is not already covered by any other employer offered programs such as deductibles, co-pays, and out-of-pocket expenses. There is no enrollment required and the coverage is available as long as funding lasts from the state.

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

**COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

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.

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		Behavioral Health Benefits		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS								
Cash	\$ 421,103	\$ 403,271	\$ 57,660	\$ 219,955	\$ 10,958	\$ -	\$ 489,721	\$ 623,226
COLOTRUST Investment	2,731	2,626	30,992	29,794	-	-	33,723	32,420
CSAFE Investment	2,527,959	2,168,778	2,415,315	1,441,171	869,504	-	5,812,778	3,609,949
Deposit with Sedgwick	9,850	5,210	150	(4,210)	8,150	-	18,150	1,000
Prepaid Expense	8,339	5,801	15,548	5,801	6,531	-	30,418	11,602
Total Assets	<u>\$ 2,969,982</u>	<u>\$ 2,585,686</u>	<u>\$ 2,519,665</u>	<u>\$ 1,692,511</u>	<u>\$ 895,143</u>	<u>\$ -</u>	<u>\$ 6,384,790</u>	<u>\$ 4,278,197</u>
LIABILITIES AND NET POSITION								
LIABILITIES								
Claims Loss Reserve	\$ 429,346	\$ 54,482	\$ 559,773	\$ 399,196	\$ 70,155	\$ -	\$ 1,059,274	\$ 453,678
Unearned Contributions	474,047	391,173	642,252	254,522	-	-	1,116,299	645,695
Accrued Expenses	1,412	540	344	4,344	5,093	-	6,849	4,884
Total Liabilities	<u>904,805</u>	<u>446,195</u>	<u>1,202,369</u>	<u>658,062</u>	<u>75,248</u>	<u>-</u>	<u>2,182,422</u>	<u>1,104,257</u>
NET POSITION								
Unrestricted	<u>2,065,177</u>	<u>2,139,491</u>	<u>1,317,296</u>	<u>1,034,449</u>	<u>819,895</u>	<u>-</u>	<u>4,202,368</u>	<u>3,173,940</u>
Total Net Position	<u>2,065,177</u>	<u>2,139,491</u>	<u>1,317,296</u>	<u>1,034,449</u>	<u>819,895</u>	<u>-</u>	<u>4,202,368</u>	<u>3,173,940</u>
Total Liabilities and Net Position	<u>\$ 2,969,982</u>	<u>\$ 2,585,686</u>	<u>\$ 2,519,665</u>	<u>\$ 1,692,511</u>	<u>\$ 895,143</u>	<u>\$ -</u>	<u>\$ 6,384,790</u>	<u>\$ 4,278,197</u>

Approximately 99% of total assets at June 30, 2023 and 2022 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 5.22% and 1.17% at June 30, 2023 and 2022, respectively, and the investment yield from CSAFE was 5.20% and 1.15% at June 30, 2023 and 2022, respectively.

It is worth noting that for coverage year 2022-2023, the actuary projects that the claim reserves, including the incurred but not reported (IBNR), for the cancer program is \$559,773 and \$429,346 for the heart program. The projection of the claim reserves for the new behavioral health program for coverage year 2022-2023 is \$70,155.

**COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

The analysis below presents a comparison of the Trust's financial position for the two prior years, 2022 and 2021.

	Heart Benefits		Cancer Benefits		Behavioral Health Benefits		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
ASSETS								
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>\$ -</u>	<u>\$ -</u>	<u>\$ 4,278,197</u>	<u>\$ 3,753,565</u>
LIABILITIES AND NET POSITION								
LIABILITIES								
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>-</u>	<u>-</u>	<u>1,104,257</u>	<u>994,935</u>
NET POSITION								
Unrestricted	<u>2,139,491</u>	<u>1,932,043</u>	<u>1,034,449</u>	<u>826,587</u>	<u>-</u>	<u>-</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>-</u>	<u>-</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>\$ -</u>	<u>\$ -</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 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 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 \$399,196 and \$54,482 for the heart program.

**COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

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

	Heart Benefits		Cancer Benefits		Behavioral Health Benefits		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE								
Contributions	\$ 695,305	\$ 637,125	\$ 1,401,783	\$ 1,072,311	\$ 1,000,000	\$ -	\$ 3,097,088	\$ 1,709,436
UNDERWRITING EXPENSES								
Claims Expense	528,658	172,192	991,242	707,337	89,507	-	1,609,407	879,529
Claims Administration Fees	18,587	11,195	40,225	25,321	5,093	-	63,905	36,516
Management Expenses	69,530	63,478	140,178	107,466	100,000	-	309,708	170,944
General and Administrative Expenses	256,551	188,473	28,857	28,329	4,364	-	289,772	216,802
Total Operating Expenses	873,326	435,338	1,200,502	868,453	198,964	-	2,272,792	1,303,791
INCOME (LOSS) FROM OPERATIONS	(178,021)	201,787	201,281	203,858	801,036	-	824,296	405,645
Investment Income	103,707	5,663	81,566	4,002	18,859	-	204,132	9,665
NET INCOME (LOSS)	(74,314)	207,450	282,847	207,860	819,895	-	1,028,428	415,310
NET POSITION -								
BEGINNING OF YEAR	2,139,491	1,932,041	1,034,449	826,589	-	-	3,173,940	2,758,630
NET POSITION - END								
END OF YEAR	\$ 2,065,177	\$ 2,139,491	\$ 1,317,296	\$ 1,034,449	\$ 819,895	\$ -	\$ 4,202,368	\$ 3,173,940

Contributions for the heart program increased \$58,180, approximately 9% over the previous year. Contributions for the cancer program increased \$329,472, approximately 31% over the previous year. The behavioral health program was new for the year ended June 30, 2023 and was funded solely through a \$1,000,000 contribution from the state.

The Trust received cancer program contributions from the CSDP's workers' compensation program of \$643,860 for the year ended June 30, 2023. 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 and thyroid cancer coverage).

For coverage year 2022-2023, the total incurred loss for the heart program was \$528,658, for the cancer program was \$991,242, and for the behavioral health program was \$89,507. 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, LLC. The fee is 10% of the expiring year's gross written contributions, which amounted to \$309,708 and \$170,944 for the years ended June 30, 2023 and 2022, respectively.

General and administrative expenses for the heart program increased by \$68,078 from 2022 to 2023. This increase was primarily due to an increase in the loss prevention grant program which amounted to \$71,214 more than 2022.

**COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

General and administrative expenses for the cancer program increased by \$528 from 2022 to 2023. This increase was primarily due to an increase in the financial audit service which amounted to \$569 more than 2022.

The overall increase in net income of \$613,118 is due primarily to the addition of the behavioral health benefits program, with net income of \$819,895. There was also an increase in contributions in the heart program of \$58,180 and cancer program of \$329,472. These increases were offset by increases in claims expenses in the heart program of \$356,466 and cancer program of \$283,905.

The analysis below presents a comparison of the Trust's net income for the two prior years, 2022 and 2021.

	Heart Benefits		Cancer Benefits		Behavioral Health Benefits		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
REVENUE								
Contributions	\$ 637,125	\$ 603,706	\$ 1,072,311	\$ 911,695	\$ -	\$ -	\$ 1,709,436	\$ 1,515,401
UNDERWRITING EXPENSES								
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
INCOME FROM OPERATIONS	201,787	118,226	203,858	442,755	-	-	405,645	560,981
Investment Income	5,663	3,617	4,002	1,362	-	-	9,665	4,979
NET INCOME	207,450	121,843	207,860	444,117	-	-	415,310	565,960
NET POSITION - BEGINNING OF YEAR	1,932,041	1,810,200	826,589	382,470	-	-	2,758,630	2,192,670
NET POSITION - END OF YEAR	<u>\$ 2,139,491</u>	<u>\$ 1,932,043</u>	<u>\$ 1,034,449</u>	<u>\$ 826,587</u>	<u>\$ -</u>	<u>\$ -</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 and thyroid 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.

**COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023 AND 2022**

Management expenses are for the operation, administration, and management of the Trust by McGriff Insurance Services, LLC. 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.

General and administrative expenses for the cancer program decreased by \$566 from 2021 to 2022. This decrease was primarily due to a decrease in marketing expenses of \$2,500. This was offset by an increase in financial audit services of \$489, legal expenses of \$1,315 and E&O insurance of \$129.

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 contributions of \$194,035 from 2021, due to additional members along with an increase in investment income of \$4,682 from 2021.

Economic Outlook

Both the heart and cancer programs in the Trust continue to maintain positive net positions. The Trust will continue to work with its actuary to review historical data and set proper rates to be sufficient to cover claims incurred. The behavioral health program will continue to provide coverage as long as funding lasts from the state.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 6,336,222	\$ 4,265,595
Deposit with Sedgwick	18,150	1,000
Prepaid Expenses	30,418	11,602
Total Assets	\$ 6,384,790	\$ 4,278,197
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Claims Loss Reserve	\$ 1,059,274	\$ 453,678
Unearned Contributions	1,116,299	645,695
Accrued Expenses	6,849	4,884
Total Liabilities	2,182,422	1,104,257
NET POSITION		
Unrestricted	4,202,368	3,173,940
Total Liabilities and Net Position	\$ 6,384,790	\$ 4,278,197

See accompanying Notes to Financial Statements.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
OPERATING REVENUE		
Contributions	\$ 3,097,088	\$ 1,709,436
OPERATING EXPENSES		
Claims Expense	1,609,407	879,529
Claims Administration Fees	63,905	36,516
Management Expense	309,708	170,944
General and Administrative Expenses	289,772	216,802
Total Operating Expenses	2,272,792	1,303,791
INCOME FROM OPERATIONS	824,296	405,645
NONOPERATING REVENUE		
Net Investment Income	204,132	9,665
CHANGES IN NET POSITION	1,028,428	415,310
Net Position - Beginning of Year	3,173,940	2,758,630
NET POSITION - END OF YEAR	\$ 4,202,368	\$ 3,173,940

See accompanying Notes to Financial Statements.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions Received from Members	\$ 3,567,692	\$ 1,710,161
Claims Paid	(1,003,811)	(773,927)
Commissions, Contributions, and Administrative Expenses Paid	(697,386)	(412,227)
Net Cash Provided by Operating Activities	1,866,495	524,007
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	204,132	9,665
 NET INCREASE IN CASH AND CASH EQUIVALENTS	2,070,627	533,672
Cash and Cash Equivalents - Beginning of Year	4,265,595	3,731,923
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,336,222	\$ 4,265,595
 CASH FLOWS FROM OPERATING ACTIVITIES		
Income from Operations	\$ 824,296	\$ 405,645
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Effect of Changes in Assets and Liabilities:		
Prepaid Expenses	(18,816)	165
Claims Loss Reserve	605,596	105,602
Unearned Contributions	470,604	541
Accrued Expenses	1,965	3,179
Contribution Receivable	-	184
Deposit with Sedgwick	(17,150)	8,700
Total Adjustments	1,042,199	118,362
Net Cash Provided by Operating Activities	\$ 1,866,495	\$ 524,007

See accompanying Notes to Financial Statements.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 and 2022, there were 96 and 91 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 and thyroid cancer coverage was added to the cancer award program effective January 1, 2021 and July 1, 2022, respectively. The cost for breast and thyroid cancer coverage is not eligible for reimbursement through the Colorado Special Districts Property and Liability Pool given that the cost of covering breast and thyroid 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, 2023 and 2022 there were 101 and 81 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 behavioral health program was launched on February 10, 2023 pursuant to Colorado Senate Bill 22-002. The Trust adopted a new legal name at this time, Colorado Firefighter Heart, Cancer and Behavioral Health Benefits Trust. Colorado Firefighter Trust, which is a shorter version of the legal name, is being used as the DBA name. The coverage is automatically extended to all Colorado firefighters to receive reimbursement for behavioral and mental health treatment that is not already covered by any other employer offered programs such as deductibles, co-pays, and out-of-pocket expenses. There is no enrollment required and the coverage is available as long as funding lasts from the state.

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.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, cancer and behavioral health 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.

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, 2023 and 2022.

The claim loss reserve and claims expense are both determined using individual case evaluations and independent actuarial projections. With the addition of the behavioral health program in February 2023, the claims loss reserve for the behavioral health program is based on ten percent of the budgeted amount paid, as there was not an actuarial projection performed for the year ended June 30, 2023 given the limited cases for this new program. 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.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023 and 2022, the Trust's cash deposits had a carrying balance of \$489,721 and \$623,226, 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)

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investments (Continued)

- 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)

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, 2023</u>		
Investment Type:		
Local Government Investment Pool (COLOTRUST)	\$ 33,723	< 1
Local Government Investment Pool (CSAFE)	5,812,778	< 1
Total Investments	\$ 5,846,501	
<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	

The Trust has adopted an interest rate risk policy, the policy is as follows: the Trust will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by limiting the maximum duration of the portfolio to 5.0 years.

Credit Risk

COLOTRUST

As of June 30, 2023 and 2022, the Trust had invested \$33,723 and \$32,420, 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, for both the years ended June 30, 2023 and 2022. COLOTRUST records its investments at fair value.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Credit Risk (Continued)

COLOTRUST (Continued)

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 has adopted a credit risk policy, the policy is as follows: the Trust will limit credit risk, the risk of loss due to the failure of the security issuer or backer, by diversifying the investment portfolio so that potential losses on individual securities will be minimized and by limiting investments to specified credit ratings.

The Trust's investment in COLOTRUST as of June 30, 2023 and 2022 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.

CSAFE

As of June 30, 2023 and 2022, the Trust had invested \$5,812,778 and \$3,609,949, respectively, in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSAFE. The Trust's investment in CSAFE CORE is measured at net asset value, equal to \$2.00 per share. The pool operates in conformity with the Securities and Exchange Commission's Rule 2a-7. The pool is rated AAAM by Standard & Poor's, for both the years ended June 30, 2023 and 2022. 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. There are no unfunded commitments, the redemption frequency is daily with a 24 hour notification period, and a limit of three redemptions per month.

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:

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 CLAIMS PAYABLE (CONTINUED)

	Heart Benefits			Cancer Benefits			Behavioral Health Benefits			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021	2023	2022	2021
Claims Payable - Beginning of Year	\$ 54,482	\$ 187,600	\$ 99,432	\$ 399,196	\$ 160,476	\$ 247,973	\$ -	\$ -	\$ -	\$ 453,678	\$ 348,076	\$ 347,405
Provision for Claims Expenses:												
Provision for Covered Events of the Current Year	545,768	238,177	326,216	543,400	392,331	358,019	89,507	-	-	1,178,675	630,508	684,235
Increase/(Decrease) in Provisions for Covered Events of Prior Years	(17,110)	(65,985)	(14,973)	447,842	315,006	(31,361)	-	-	-	430,732	249,021	(46,334)
Total Provision for Claims Expenses (Gains)	528,658	172,192	311,243	991,242	707,337	326,658	89,507	-	-	1,609,407	879,529	637,901
Payments:												
Claims Expenses Attributable to Covered Events of the Current Year	116,422	186,180	188,615	273,002	181,174	215,953	19,352	-	-	408,776	367,354	404,568
Claims Expenses Attributable to Covered Events of Prior Years	37,372	119,130	34,460	557,663	287,443	198,202	-	-	-	595,035	406,573	232,662
Total Payments	153,794	305,310	223,075	830,665	468,617	414,155	19,352	-	-	1,003,811	773,927	637,230
Claims Payable - End of Year	\$ 429,346	\$ 54,482	\$ 187,600	\$ 559,773	\$ 399,196	\$ 160,476	\$ 70,155	\$ -	\$ -	\$ 1,059,274	\$ 453,678	\$ 348,076

NOTE 4 ADMINISTRATION

The Trust has an agreement with McGriff Insurance Services, LLC. 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 \$309,708 and \$170,944 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022 were \$63,905 and \$36,516, respectively.

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

	Six Months	Year Ended June 30,							
	Ended June 30, 2015*	2016*	2017*	2018	2019	2020	2021	2022	2023
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	\$ 3,301,220
2) Unallocated Expenses	70,713	88,751	142,616	287,570	362,907	336,192	316,519	424,262	663,385
3) Estimated Incurred Losses and Expenses - End of Accident Year	6,087	122,497	31,770	412,516	589,343	339,291	684,235	630,508	1,178,675
4) Paid (Cumulative) as of:									
End of Accident Year	4,000	62,497	27,354	222,339	205,855	185,265	404,568	367,354	408,776
One Year Later	4,000	79,814	31,931	413,120	652,915	224,265	759,955	828,541	
Two Years Later	4,087	79,814	31,931	416,218	846,233	274,355	881,537		
Three Years Later	4,087	79,814	31,931	416,562	846,672	274,654			
Four Years Later	4,087	81,549	31,931	417,218	857,079				
Five Years Later	4,087	81,549	31,931	418,780					
Six Years Later	4,087	81,549	31,931						
Seven Years Later	4,087	81,549							
Eight Years Later	4,087								
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	630,508	1,178,675
One Year Later	6,000	79,814	31,931	417,886	846,291	289,028	931,841	1,060,852	
Two Years Later	4,087	79,814	31,931	416,218	849,876	288,680	925,860		
Three Years Later	4,087	79,814	31,931	416,562	848,890	285,039			
Four Years Later	4,087	81,549	31,931	419,313	858,557				
Five Years Later	4,087	81,549	31,931	419,657					
Six Years Later	4,087	81,549	31,931						
Seven Years Later	4,087	81,549							
Eight Years Later	4,087								
Nine Years Later									
6) Increase (Decrease) in Estimated Incurred Losses and Expenses from End of Year (5 Less 3)	(2,000)	(40,948)	161	7,141	269,214	(54,252)	241,625	430,344	-
7) Net Loss and Loss Adjustment Expenses Reserves (5 Less 4)	-	-	-	877	1,478	10,385	44,323	232,311	769,899

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

* Note: In the Year ended June 30, 2023, Behavior Health was added as a benefit.



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