

Consolidated Financial Statements and  
Independent Auditor's Report

**Inspiration Field and Affiliates**

June 30, 2021

## TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONSOLIDATED STATEMENT OF ACTIVITIES	7
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	8
CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	11
SUPPLEMENTARY INFORMATION	
CONSOLIDATED SUMMARY OF REVENUES, SUPPORT AND EXPENSES BY PROGRAM	24
CONSOLIDATING STATEMENT OF FINANCIAL POSITION	26
CONSOLIDATING STATEMENT OF ACTIVITIES	28



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Inspiration Field and Affiliates

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Inspiration Field and Affiliates (jointly, the Center), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Inspiration Field and Affiliates as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited the Center's 2020 consolidated financial statements, and our report dated September 24, 2020, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

## Other Matter

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated summary of revenues, support and expenses by program, consolidating statement of financial position, and consolidating statement of activities on pages 24 through 29 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on pages 24 through 29 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Logan, Thomas + Johnson, LLC*

Broomfield, Colorado

October 25, 2021

*Consolidated Financial Statements*

Inspiration Field and Affiliates  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
June 30, 2021  
(With summarized financial information as of June 30, 2020)

	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,460,160	\$ 1,639,035
Accounts receivable		
Fees and grants from governmental agencies	646,444	546,871
Other	23,419	35,106
Contributions receivable	-	50
Prepaid expenses and deposits	9,080	21,174
Total current assets	2,139,103	2,242,236
Tenant deposits held in trust	3,039	2,946
Restricted cash in reserve funds	31,333	23,425
Assets restricted to investment in land, buildings, and equipment	89,717	89,559
Land, building and equipment, net	5,997,475	6,313,429
Total assets	\$ 8,260,667	\$ 8,671,595
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 377,922	\$ 341,998
Deferred revenue	110,729	-
Current portion of loans payable	131,157	462,794
Total current liabilities	619,808	804,792
Noncurrent liabilities		
Tenant deposits held in trust	3,039	2,946
Long-term debt, net of current portion		
Loans payable, net of unamortized debt issuance costs	1,393,632	2,109,418
Total noncurrent liabilities	1,396,671	2,112,364
Total liabilities	2,016,479	2,917,156
Net assets		
Without donor restrictions		
Board designation for philanthropy	49,261	44,653
Board designation for vehicle maintenance building	50	49
Board designation for Global Treasurz expansion	51,055	50,985
Net investment in land, building and equipment	4,472,686	4,501,879
Reserved for HUD regulation compliance	31,333	26,371
Undesignated	1,550,086	1,040,943
Total without donor restrictions	6,154,471	5,664,880
With donor restrictions - purpose restrictions	89,717	89,559
Total net assets	6,244,188	5,754,439
Total liabilities and net assets	\$ 8,260,667	\$ 8,671,595

The accompanying notes are an integral part of this statement.

Inspiration Field and Affiliates  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year ended June 30, 2021  
(With summarized financial information for the year ended June 30, 2020)

	Without donor	With donor	Total	
	restrictions	restrictions	2021	2020
Revenues and support				
Fees and grants from governmental agencies				
Fees for services				
State of Colorado				
State General Fund	\$ 282,043	\$ -	\$ 282,043	\$ 344,654
Medicaid	5,142,361	-	5,142,361	5,100,202
Grants and other				
Department of Housing and Urban Development	26,505	-	26,505	26,940
Other	57,894	-	57,894	149,320
Total fees and grants from governmental agencies	5,508,803	-	5,508,803	5,621,116
Public support – contributions	20,835	6,311	27,146	21,777
In-kind contributions	30,628	-	30,628	8,137
Residential room and board	434,265	-	434,265	437,457
Other revenue	315,840	6	315,846	321,043
Net assets released from restrictions				
Satisfaction of purpose restrictions	6,159	(6,159)	-	
Total revenues and support	6,316,530	158	6,316,688	6,409,530
Expenses				
Program services				
Medicaid comprehensive	5,142,560	-	5,142,560	5,023,324
State adult supported living	93,576	-	93,576	116,824
Medicaid adult supported living	181,783	-	181,783	222,942
Children's extensive support	20,756	-	20,756	38,605
Early intervention	142,871	-	142,871	175,896
Family support	80,094	-	80,094	53,433
Case management	269,017	-	269,017	235,485
Total program services	5,930,657	-	5,930,657	5,866,509
Supporting services				
Management and general	662,163	-	662,163	629,113
Total expenses	6,592,820	-	6,592,820	6,495,622
CHANGE IN NET ASSETS BEFORE OTHER CHAN	(276,290)	158	(276,132)	(86,092)
Forgiveness of PPP loan and accrued interest	765,881	-	765,881	-
CHANGE IN NET ASSETS	489,591	158	489,749	(86,092)
Net assets, beginning of year	5,664,880	89,559	5,754,439	5,840,531
Net assets, end of year	\$ 6,154,471	\$ 89,717	\$ 6,244,188	\$ 5,754,439

The accompanying notes are an integral part of this statement.

Inspiration Field and Affiliates  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2021  
(With summarized financial information for the year ended June 30, 2020)

	<b>Program Services</b>			
	Medicaid comprehen- sive	State adult supported living	Medicaid adult supported living	Children's extensive support
Expenses				
Salaries, benefits and taxes	\$ 3,400,444	\$ 68,275	\$ 150,240	\$ 17,622
Professional services	382,325	914	1,202	144
Staff development and travel	13,641	30	3	-
Vehicles	38,752	1,160	1,402	-
Occupancy and equipment	257,007	3,853	4,393	-
Supplies	309,793	3,219	6,504	1
Other	137,371	3,640	5,382	2,989
Food	47,128	1,343	1,466	-
Insurance	110,874	3,846	3,566	-
Interest	53,836	279	279	-
Depreciation	391,389	7,017	7,346	-
Total expenses	<u>\$ 5,142,560</u>	<u>\$ 93,576</u>	<u>\$ 181,783</u>	<u>\$ 20,756</u>

The accompanying notes are an integral part of this statement.

**Program Services**

Early interven- tion	Family support	Case manage- ment	Management and general	Total	
				2021	2020
\$ 92,735	\$ 11,324	\$ 219,585	\$ 489,610	\$ 4,449,835	\$ 4,376,174
34,115	134	1,406	9,098	429,338	454,345
403	-	57	5,816	19,950	19,999
8	8	122	798	42,250	47,139
3,489	3,489	6,598	12,801	291,630	288,862
321	259	12,862	68,437	401,396	291,493
2,183	55,480	499	29,967	237,511	211,653
111	92	497	2,993	53,630	143,992
1,497	1,497	4,537	6,135	131,952	120,555
2,547	2,547	4,703	14,266	78,457	83,495
5,462	5,264	18,151	22,242	456,871	457,915
<u>\$ 142,871</u>	<u>\$ 80,094</u>	<u>\$ 269,017</u>	<u>\$ 662,163</u>	<u>\$ 6,592,820</u>	<u>\$ 6,495,622</u>

The accompanying notes are an integral part of this statement.

Inspiration Field and Affiliates  
CONSOLIDATED STATEMENT OF CASH FLOWS  
Year ended June 30, 2021  
(With summarized financial information for the year ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 489,749	\$ (86,092)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	466,831	467,874
Gain on sale of land, building and equipment	(1,840)	(2,900)
Gain on insurance proceeds for damage to vehicle	-	(10,970)
Gain on forgiveness of PPP loan	(760,662)	-
Contributions restricted for capital acquisition and construction	(6,311)	(14,837)
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(87,886)	33,942
Decrease in contributions receivable	50	300
(Increase) decrease in prepaid expenses and other	12,094	(13,814)
Increase in accounts payable and accrued liabilities	36,017	23,956
Increase in deferred revenue	110,729	-
Net cash provided by operating activities	<u>258,771</u>	<u>397,459</u>
Cash flows from investing activities		
Purchase of land, building and equipment	(140,917)	(255,471)
Proceeds from sale of land, building and equipment	1,840	2,900
Insurance proceeds received for damage to vehicle	-	10,970
Net cash used in investing activities	<u>(139,077)</u>	<u>(241,601)</u>
Cash flows from financing activities		
Contributions restricted for capital acquisition and construction	6,311	14,837
Proceeds from loans payable	-	760,662
Payments on loans payable	(296,721)	(145,380)
Net cash provided by (used in) financing activities	<u>(290,410)</u>	<u>630,119</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(170,716)	785,977
Cash, cash equivalents, and restricted cash at beginning of year	<u>1,754,965</u>	<u>968,988</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 1,584,249</u>	<u>\$ 1,754,965</u>
Noncash investing and financing activities		
Forgiveness of PPP loan and accrued interest	\$ 765,881	\$ -
Supplemental data		
Cash paid for interest	\$ 63,278	\$ 72,226

The accompanying notes are an integral part of this statement.

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2021

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This description of Inspiration Field and Affiliates' (jointly, the Center) nature of activities and summary of significant accounting policies is presented to assist in understanding the Center's consolidated financial statements.

1. *Summary of Business Activities*

In 1967, Arkansas Valley Community Center for Handicapped and for Retarded Persons, Inc., a Colorado nonprofit corporation, was incorporated under the laws of the State of Colorado for the purpose of providing a community center board to coordinate programs through interagency cooperation and local agencies to provide services to persons with developmental disabilities in Otero, Bent and Crowley Counties. In 2011, Arkansas Valley Community Center for Handicapped and for Retarded Persons, Inc. changed its name to Inspiration Field, a Colorado nonprofit corporation. ARKVA Housing, a Colorado nonprofit corporation, AVCC Housing, a Colorado nonprofit corporation, and Prairieview Housing, a Colorado nonprofit corporation, were created to construct and operate group homes for low-income persons with disabilities. The Center's revenue comes primarily from the State of Colorado for services provided.

2. *Principles of Consolidation*

The consolidated financial statements of Inspiration Field (IF) include its affiliates, ARKVA Housing, AVCC Housing and Prairieview Housing. ARKVA Housing, AVCC Housing and Prairieview Housing each own a residential facility, which receives tenant rent assistance from the U.S. Department of Housing and Urban Development (HUD). ARKVA Housing, AVCC Housing and Prairieview Housing are consolidated with IF due to the fact that IF exercises control over their Boards of Directors. Significant intercompany transactions have been eliminated.

3. *Description of Services Provided*

The major program services or supports and functional activities directly provided or purchased by the Center are:

**Program Services or Supports**

Comprehensive (Medicaid) refers to residential services, adult day services or supports and transportation activities as specified in the eligible person's Individualized Plan (IP). Included are a number of different types of residential settings, which provide an array of training, learning, experiential and support activities provided in residential living alternatives designed to meet individual needs. Additionally, adult day services provide opportunities for individuals to experience and actively participate in valued

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2021

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. *Description of Services Provided - Continued*

**Program Services or Supports - Continued**

roles in the community. These services and supports enable individuals to access and participate in typical community activities such as work, recreation, and senior citizen activities. Finally, transportation activities refer to “Home to Day Program transportation” services relevant to an individual’s work schedule as specified in the IP. For these purposes, “work schedule” is defined broadly to include adult and retirement activities such as education, training, community integration and employment.

Adult Supported Living (State and Medicaid) provides individualized living services for persons who are responsible for their own living arrangements in the community.

Children’s Extensive Support is a deeming waiver (only the child’s income is considered in determining eligibility) intended to provide needed services and supports to eligible children under the age of eighteen years in order for the children to remain in or return to the family home. Waiver services are targeted to children having extensive support needs, which require constant line-of-sight supervision due to significantly challenging behaviors and/or coexisting medical conditions. Available services include personal assistance, household modification, specialized medical equipment and supplies, professional services, and community connection services.

Early Intervention is for children from birth through age two which offer infants and toddlers and their families services and supports to enhance child development in the areas of cognition, speech, communication, physical, motor, vision, hearing, social-emotional development, and self-help skills; parent-child or family interaction; and early identification, screening and assessment services.

Family Support provides an array of supportive services to the person with a developmental disability and his/her family when the person remains within the family home, thereby preventing or delaying the need for out-of-home placement, which is unwanted by the person or the family.

Case Management is the determination of eligibility for services and supports, service and support coordination, and the monitoring of all services and supports delivered pursuant to the IP, and the evaluation of results identified in the IP.

**Supporting Services**

Management and General includes those activities necessary for planning, coordination and overall direction of the Center, financial administration, general board activities and other related activities indispensable to the Center’s corporate existence.

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2021

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. *Basis of Accounting*

Financial statements of the Center have been prepared on the accrual basis, whereby revenues are recorded when services are performed and expenses are recognized when incurred.

5. *Subsequent Events*

The Center has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through October 25, 2021, the date on which the financial statements were issued, and the Center did not identify any events or transactions that would have a material impact on the financial statements.

6. *Use of Estimates*

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, support and expenses during the reporting period. Actual results could differ from those estimates.

7. *Cash and Cash Equivalents*

The Center considers cash to be cash on hand and cash on deposit, subject to immediate withdrawal and considers cash equivalents to be certificates of deposit with an original maturity of three months or less. The Center maintains its cash balances in financial institutions located in Colorado, which at times may exceed federally insured limits. The Center has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

8. *Accounts Receivable*

The majority of the Center's accounts receivable are due from the State of Colorado. Accounts receivable are due according to contractual terms and are stated at the amount management expects to collect from outstanding balances. The Center believes all receivables are collectible and that no allowance for doubtful accounts is necessary. The Center writes off accounts receivable to bad debt expense after reasonable collection efforts have been made. Payments subsequently received on such receivables, if any, are recorded as other revenue.

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2021

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*9. Revenue Recognition*

Revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing services. Program revenue consists primarily of funds received from the State of Colorado for Medicaid and other services, miscellaneous smaller grants and awards from federal, state, county and municipal sources. Billings for services are billed after the services are performed. As performance obligations are satisfied, revenue is recognized.

Performance obligations are determined based on the nature of the services provided. As performance obligations are satisfied over time, revenue is recognized based on when related services are performed. This method provides for the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligations. Revenue received in advance is deferred to the applicable period in which the related program services are performed and at which time will be recognized in the period in which the related services are performed. Transaction price is based on standard charges for services provided, which is set by the State of Colorado. Rent income is recognized in the month in which it is earned rather than received.

*10. Accounting for Contributions*

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods, or are restricted by the donor for specific purposes are reported as increase in net assets with donor restrictions. Unconditional promises to give, which do not state a due date, are presumed to be time-restricted by the donor until received and are reported as net assets with donor restrictions.

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to restricted support at the time of receipt and as net assets released from restrictions. There were no net assets released from restrictions as of the year ended June 30, 2020.

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2021

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. *Loan Issuance Costs*

Loan issuance costs are netted with loans payable and amortized to interest expense over the term of the respective loan using the straight-line method, which approximates the effective interest method.

12. *Land, Building and Equipment*

Land, building and equipment are reported at cost for purchased assets and estimated fair value, at date of receipt, for donated property.

Building and equipment items are capitalized if the cost or estimated value exceeds \$5,000. Depreciation and amortization are provided on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Land improvements	7–25
Buildings and improvements	3–25
Administrative and program equipment	3–15
Transportation equipment	3–15

13. *In-kind Contributions*

Contributions of property and materials are recorded at fair value at the date of receipt. The amount recorded for these contributions (other than contributions of land, building and equipment) is also included as program costs to properly reflect the total cost of the particular program.

14. *Income Taxes*

IF, ARKVA Housing, AVCC Housing and Prairieview Housing are operated as nonprofit organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Center recognizes tax liabilities when, despite the Center's belief that its tax return positions are supportable, the Center believes that certain positions may not be fully sustained upon review by tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement. The Center has concluded there is no tax liability or benefit required to be recorded as of June 30, 2021. The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Center believes it is no longer subject to income tax examinations for the years prior to the year end June 30, 2018.

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2021

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

15. *Functional Allocation of Expenses*

The costs of supporting various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated to program and management and general based on estimates of number of full-time equivalents, square-footage and ratio of services per program.

16. *Prior Year Summarized Information and Reclassifications*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Center's financial statements as of and for the year ended June 30, 2020, from which the summarized information was derived. Certain financial information as of and for the year ended June 30, 2020 has been reclassified to conform with the presentation for the current year.

17. *Recent Accounting Pronouncements*

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The most significant change for lessees is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. Changes to the lessor accounting model include: (a) synchronizing key aspects of the model with the new revenue recognition guidance, such as basing whether a lease is similar to a sale or whether control of the underlying asset has transferred to the lessee and (b) prospectively eliminating the specialized accounting for leveraged leases. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. The ASU will be effective for fiscal years beginning after December 15, 2019, with early adoption permitted. In November 2019, the FASB issued ASU 2019-10, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2020. In June 2020, the FASB issued ASU 2020-05, which allows certain entities the option to delay the adoption by one year, making it effective for annual reporting periods beginning after December 15, 2021. The Center is in the process of evaluating the impact of this new guidance.

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2021

NOTE B – CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

Cash and cash equivalents	\$ 1,460,160
Tenant deposits held in trust	3,039
Restricted cash	31,333
Assets restricted to investment in land, buildings, and equipment (See Note H)	<u>89,717</u>
	<u>\$ 1,584,249</u>

In accordance with the HUD regulations, certain reserve accounts are required to be maintained for properties financed by HUD. Distributions for the replacement and/or repair of property and equipment from the replacement reserve account and distributions from the residual receipts reserve account require approval from HUD. Tenant deposits are required at the time a lease is executed. Account activity in these reserves for the year is as follows:

	<u>Residual receipts</u>	<u>Replacement reserve</u>	<u>Tenant deposit</u>
Beginning balance	\$ 1,165	\$ 22,260	\$ 2,946
Interest earned	-	15	-
Deposits	10,838	6,610	229
Distributions	<u>(8,949)</u>	<u>(606)</u>	<u>(136)</u>
Ending balance	<u>\$ 3,054</u>	<u>\$ 28,279</u>	<u>\$ 3,039</u>

NOTE C – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	\$ 1,460,160
Accounts receivable	<u>669,863</u>
	<u>\$ 2,130,023</u>

As a part of the Center’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2021

NOTE D – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at June 30, 2021:

Land improvements	\$ 241,278
Buildings and improvements	8,368,131
Administrative and program equipment	633,170
Transportation equipment	<u>1,514,622</u>
	10,757,201
Less accumulated depreciation and amortization	<u>5,096,802</u>
	5,660,399
Land	<u>337,076</u>
	<u>\$ 5,997,475</u>

Depreciation expense for the year ended June 30, 2021 was \$456,871.

NOTE E – LOANS PAYABLE

In May 2012, the Center entered into a financing agreement with the City of La Junta and a financial institution. Under this agreement, the City of La Junta issued revenue bonds which were purchased by a financial institution. A financial institution provided funds to the Center under a loan agreement.

The loan, which had an original balance of \$2,590,000, has a total outstanding balance at June 30, 2021 of \$1,401,232. Monthly payments of \$15,195 are required until the loan matures with a balloon payment due on May 15, 2023. The interest rate is 3.63% until May 15, 2022 and will be 0.66 times 2% above the Five-Year Treasury Yield from May 15, 2017 through the maturity date of May 15, 2023, with rate adjustments determined on May 15, 2022. This loan is secured by equipment, unrestricted revenue, and a deed of trust on a new administration building.

The Center incurred \$99,589 in loan costs for the bond issue. Deferred loan costs at June 30, 2021, net of accumulated amortization, are \$8,299. Amortization of loan costs was \$9,960 for the year ended June 30, 2021. Future amortization will be \$8,299 for the year ended June 30, 2022.

In November 2015, the Center entered into a financing agreement with a financial institution to purchase an apartment complex. The original loan was for \$162,000 and has an outstanding balance at June 30, 2021 of \$131,856. Monthly payments of \$1,084 are required until a balloon payment is due in November 2025. The interest rate is fixed for the first five years at a rate of 3.63% over the 5-year U.S. Treasuries. The rate will then re-set each additional five years thereafter to 3.63% over the 5-year U.S. Treasuries Rate, with a floor of 5%. The interest rate at June 30, 2021 was 5%.

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2021

NOTE E – LOANS PAYABLE (CONTINUED)

These loans contain various debt covenants including minimum debt service coverage ratio and maximum debt to net worth ratio requirements that are calculated annually. The Center met all of its covenants at June 30, 2021.

On April 16, 2020, the Center obtained an unsecured loan of \$760,662 through the Paycheck Protection Program (PPP) from a financial institution with a fixed rate of 1.00%. Under the CARES Act, the Center must submit a Loan Forgiveness Application and meet various criteria as defined in the Paycheck Protection Flexibility Act in order for the loan to potentially be forgiven. On January 28, 2021, the \$760,662 loan and accrued interest of \$5,219 were forgiven.

Interest expense for the year ended June 30, 2021 was \$78,457. Future maturities of the loans payable at June 30, 2021, are as follows:

Year ending June 30,	
2022	\$ 131,157
2023	1,275,051
2024	7,143
2025	7,530
2026	<u>103,908</u>
	1,524,789
Less current portion	131,157
Less unamortized debt issuance costs	<u>8,299</u>
	\$ <u>1,385,333</u>

NOTE F – DEFERRED REVENUE

Deferred revenue of \$110,729 at June 30, 2021, consists of \$110,229 of unspent funds from the CARES Act Provider Relief Fund and \$500 for a scholarship fund.

NOTE G – LEASES

The Center leases office space and equipment under operating lease agreements, which are on a month-to-month basis. Rental expense for the year ended June 30, 2021 was \$8,938.

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2021

NOTE H – NET ASSETS

Net investment in land, building and equipment is comprised of land, building and equipment, net of related debt. As of June 30, 2021, net assets with donor restrictions consist of \$68,826 to be used for the administration building, \$7,746 to be used for the vehicle maintenance facility and \$13,145 to be used for the expansion of the Global Treasurz.

NOTE I – RETIREMENT PLAN

On December 1, 2001, the Center implemented a 401(k) plan for the benefit of its employees. All employees who have completed one year of service with at least 1,000 hours of service and are age 18 or older may participate in the Plan and are fully vested after 3 years of service. In the current year, the Center made a discretionary matching contribution to participants who contributed to the Plan. For the year ended June 30, 2021, retirement plan expense was \$68,682.

NOTE J – CONTINGENCIES

ARKVA Housing utilized the capital advance program from HUD to construct rental facilities. Provided these facilities remain available for occupancy by very low-income people with disabilities through March 1, 2037, the capital advance of \$299,800 will not become payable and will be discharged on that date. If any default occurs, the capital advance bears interest at 7% from March 1, 1997, and becomes immediately payable.

AVCC Housing utilized the capital advance program from HUD to construct rental facilities. Provided these facilities remain available for occupancy by very low-income people with disabilities through April 1, 2046, the capital advance of \$364,300 will not become payable and will be discharged on that date. If any default occurs, the capital advance bears interest at 5.25% from September 30, 2005, and becomes immediately payable.

Prairieview Housing utilized the capital advance program from HUD to construct rental facilities. Provided these facilities remain available for occupancy by very low-income people with disabilities through April 29, 2051, the capital advance of \$557,000 will not become payable and will be discharged on that date. If any default occurs, the capital advance bears interest at 4.125% from April 28, 2011, and becomes immediately payable.

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2021

NOTE K – FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included salaries, which are allocated based on full time equivalent employees and number of transactions per program. Depreciation, utilities, interest and cleaning expenses are allocated based on square-footage used. Audit fees and association dues are allocated based on the number of full-time equivalent employees. Day program expenses are allocated between Medicaid comprehensive, Medicaid supported living services and State supported living services based on the ratio of services provided to individuals.

NOTE L – RELATED PARTY TRANSACTIONS

The Center receives a substantial amount of revenue from the State of Colorado. The amount of receivables the Center has from the State of Colorado as of June 30, 2021, totaled \$646,444. The Center has a payable at June 30, 2021, to the State of Colorado in the amount of \$34,973 recorded in accounts payable and accrued expenses. These transactions are considered to be transactions with a related party by virtue of significant management influence exercised by the State of Colorado through contract provisions.

NOTE M – RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared coronavirus (COVID-19) a global pandemic. This contagious disease outbreak has adversely affected workforces, customers, economies, and financial markets globally. This outbreak could adversely affect the Organization's ability to provide services, and reduce funding sources available. It is not possible for the Organization to predict the duration or magnitude of the adverse results of the outbreak and its effects on the organization's activities or results of operations, financial condition, or liquidity, at this time.

This page left blank intentionally

*Supplementary Information*

Inspiration Field and Affiliates  
CONSOLIDATED SUMMARY OF REVENUES, SUPPORT AND EXPENSES BY PROGRAM  
Year ended June 30, 2021  
(With summarized financial information for the year ended June 30, 2020)

	<u>Program Services</u>		
	<u>Non specified</u>	<u>Medicaid comprehen- sive</u>	<u>State adult supported living</u>
Revenues and support			
Fees and grants from governmental agencies			
Fees for services			
State of Colorado			
State General Fund	\$ -	\$ -	\$ 68,884
Medicaid	-	4,806,201	-
Grants and other			
Department of Housing and Urban Development	-	26,505	-
Other	-	57,894	-
Total fees and grants from governmental agencies	-	4,890,600	68,884
Public support - contributions	27,146	-	-
In-kind contributions	-	5,760	-
Residential room and board	-	434,265	-
Other revenue	133,915	181,931	-
Total revenues and support	<u>\$ 161,061</u>	<u>\$ 5,512,556</u>	<u>\$ 68,884</u>
Expenses			
Salaries			
Direct care	\$ -	\$ 2,855,332	\$ 55,220
Other	-	16,368	-
Payroll taxes	-	277,346	5,848
Employee benefits	-	251,398	7,207
Total personal services	-	3,400,444	68,275
Medical professional services	-	81	811
Other professional services	-	382,244	103
Staff development	-	1,850	-
Staff travel	-	11,791	30
Vehicles - fuel and oil	-	32,188	903
Vehicles - maintenance	-	6,564	257
Occupancy - rent	-	7,697	-
Occupancy - maintenance	-	92,438	1,303
Occupancy - utilities	-	154,912	2,526
Equipment - leases	-	825	13
Equipment - maintenance	-	1,135	11
Medical and client care supplies	-	26,206	452
Other supplies	-	283,587	2,767
Telephone	-	32,823	871
Dues and subscriptions	-	18,794	240
Food	-	47,128	1,343
Insurance	-	110,874	3,846
Interest	-	53,836	279
Other	-	65,754	2,529
In-kind contributions	-	20,000	-
Depreciation and amortization	-	391,389	7,017
Total expenses	<u>\$ -</u>	<u>\$ 5,142,560</u>	<u>\$ 93,576</u>

**Program Services**

Medicaid adult supported living	Children's extensive support	Early interven- tion	Family support	Case manage- ment	Management and general	Total	
						2021	2020
\$ -	\$ -	\$ 43,897	\$ 54,718	\$ 51,043	\$ 63,501	\$ 282,043	\$ 344,654
55,128	26,465	-	-	232,371	22,196	5,142,361	5,100,202
-	-	-	-	-	-	26,505	26,940
-	-	-	-	-	-	57,894	149,320
55,128	26,465	43,897	54,718	283,414	85,697	5,508,803	5,621,116
-	-	-	-	-	-	27,146	21,777
-	-	-	-	-	24,868	30,628	8,137
-	-	-	-	-	-	434,265	437,457
-	-	-	-	-	-	315,846	321,043
<u>\$ 55,128</u>	<u>\$ 26,465</u>	<u>\$ 43,897</u>	<u>\$ 54,718</u>	<u>\$ 283,414</u>	<u>\$ 110,565</u>	<u>\$ 6,316,688</u>	<u>\$ 6,409,530</u>
\$ 112,508	\$ 16,074	\$ 75,055	\$ 10,703	\$ -	\$ -	\$ 3,124,892	\$ 3,081,675
-	-	-	-	177,222	267,014	460,604	433,328
11,118	1,548	6,918	411	17,338	56,838	377,365	355,500
26,614	-	10,762	210	25,025	165,758	486,974	505,671
150,240	17,622	92,735	11,324	219,585	489,610	4,449,835	4,376,174
456	-	-	-	-	-	1,348	2,371
746	144	34,115	134	1,406	9,098	427,990	451,974
-	-	-	-	0	782	2,632	7,530
3	-	403	-	57	5,034	17,318	12,469
1,193	-	8	8	122	358	34,780	39,564
209	-	-	-	-	440	7,470	7,575
82	-	-	-	-	-	7,779	7,815
1,131	-	511	511	945	2,001	98,840	79,247
3,158	-	2,978	2,978	5,536	10,596	182,684	198,132
14	-	-	-	117	190	1,159	862
8	-	-	-	-	14	1,168	2,806
19	-	-	-	38	-	26,715	29,071
6,485	1	321	259	12,824	68,437	374,681	262,422
1,143	-	1,770	708	1,201	4,083	42,599	30,276
256	60	159	56	239	2,459	22,263	21,382
1,466	-	111	92	497	2,993	53,630	143,992
3,566	-	1,497	1,497	4,537	6,135	131,952	120,555
279	-	2,547	2,547	4,703	14,266	78,457	83,495
3,983	2,929	254	54,716	(941)	12,797	142,021	151,858
-	-	-	-	-	10,628	30,628	8,137
7,346	-	5,462	5,264	18,151	22,242	456,871	457,915
<u>\$ 181,783</u>	<u>\$ 20,756</u>	<u>\$ 142,871</u>	<u>\$ 80,094</u>	<u>\$ 269,017</u>	<u>\$ 662,163</u>	<u>\$ 6,592,820</u>	<u>\$ 6,495,622</u>

Inspiration Field and Affiliates  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
June 30, 2021

	Inspiration Field	ARKVA Housing
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,437,428	\$ 5,827
Accounts receivable		
Fees and grants from governmental agencies	646,444	-
Other	47,947	-
Prepaid expenses and deposits	9,080	-
Total current assets	2,140,899	5,827
Tenant deposits held in trust	-	997
Restricted cash in reserve funds	-	4,219
Assets restricted to investment in land, buildings, and equipment	89,717	-
Land, building and equipment, net	5,164,726	133,883
Total assets	\$ 7,395,342	\$ 144,926
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 377,922	\$ 6,131
Deferred revenue	110,729	-
Current portion of loans payable	131,157	-
Total current liabilities	619,808	6,131
Noncurrent liabilities		
Tenant deposits held in trust	-	997
Long-term debt, net of current portion		
Loans payable, net of unamortized debt issuance costs	1,393,632	-
Total noncurrent liabilities	1,393,632	997
Total liabilities	2,013,440	7,128
Net assets		
Without donor restrictions		
Board designation for philanthropy	49,261	-
Board designation for vehicle maintenance building	50	-
Board designation for Global Treasurz expansion	51,055	-
Net investment in land, building and equipment	3,639,937	133,883
Reserved for HUD regulation compliance	-	4,219
Undesignated	1,551,882	(304)
With donor restrictions - purpose restrictions	89,717	-
Total net assets	5,381,902	137,798
Total liabilities and net assets	\$ 7,395,342	\$ 144,926

<u>AVCC Housing</u>	<u>Prairieview Housing</u>	<u>Eliminations</u>	<u>Consolidated</u>
\$ 3,945	\$ 12,960	\$ -	\$ 1,460,160
-	-	-	646,444
-	-	(24,528)	23,419
-	-	-	9,080
<u>3,945</u>	<u>12,960</u>	<u>(24,528)</u>	<u>2,139,103</u>
959	1,083	-	3,039
11,954	15,160	-	31,333
-	-	-	89,717
<u>280,309</u>	<u>418,557</u>	<u>-</u>	<u>5,997,475</u>
<u>\$ 297,167</u>	<u>\$ 447,760</u>	<u>\$ (24,528)</u>	<u>\$ 8,260,667</u>
\$ 5,399	\$ 12,998	\$ (24,528)	\$ 377,922
-	-	-	110,729
-	-	-	131,157
<u>5,399</u>	<u>12,998</u>	<u>(24,528)</u>	<u>619,808</u>
959	1,083	-	3,039
-	-	-	1,393,632
<u>959</u>	<u>1,083</u>	<u>-</u>	<u>1,396,671</u>
6,358	14,081	(24,528)	2,016,479
-	-	-	49,261
-	-	-	50
-	-	-	51,055
280,309	418,557	-	4,472,686
11,954	15,160	-	31,333
(1,454)	(38)	-	1,550,086
-	-	-	89,717
<u>290,809</u>	<u>433,679</u>	<u>-</u>	<u>6,244,188</u>
<u>\$ 297,167</u>	<u>\$ 447,760</u>	<u>\$ (24,528)</u>	<u>\$ 8,260,667</u>

Inspiration Field and Affiliates  
CONSOLIDATING STATEMENT OF ACTIVITIES  
Year ended June 30, 2021

	<u>Inspiration Field</u>	<u>ARKVA Housing</u>	<u>AVCC Housing</u>
Revenues and support			
Fees and grants from governmental agencies			
Fees for services			
State of Colorado			
State General Fund	\$ 282,043	\$ -	\$ -
Medicaid	5,142,361	-	-
Grants and other			
Department of Housing and Urban Development	-	7,153	7,538
Other	57,894	-	-
Total fees and grants from governmental agencies	<u>5,482,298</u>	<u>7,153</u>	<u>7,538</u>
Public support – contributions	27,146	-	-
In-kind contributions	30,628	-	-
Residential room and board	434,265	13,151	13,630
Other revenue	321,231	2	9,914
Total revenues and support	<u>6,295,568</u>	<u>20,306</u>	<u>31,082</u>
Expenses			
Program services			
Medicaid comprehensive	5,084,660	24,880	29,915
State adult supported living	93,576	-	-
Medicaid adult supported living	181,783	-	-
Children's extensive support	20,756	-	-
Early intervention	142,871	-	-
Family support	80,094	-	-
Case management	269,017	-	-
Total program services	<u>5,872,757</u>	<u>24,880</u>	<u>29,915</u>
Supporting services			
Management and general	665,270	4,071	4,077
Total expenses	<u>6,538,027</u>	<u>28,951</u>	<u>33,992</u>
CHANGE IN NET ASSETS BEFORE OTHER CHANGE	(242,459)	(8,645)	(2,910)
Forgiveness of PPP loan and accrued interest	765,881	-	-
CHANGE IN NET ASSETS	523,422	(8,645)	(2,910)
Net assets, beginning of year	<u>4,858,480</u>	<u>146,443</u>	<u>293,719</u>
Net assets, end of year	<u>\$ 5,381,902</u>	<u>\$ 137,798</u>	<u>\$ 290,809</u>

Prairieview Housing	Eliminations	Consolidated
\$ -	\$ -	\$ 282,043
-	-	5,142,361
11,814	-	26,505
-	-	57,894
11,814	-	5,508,803
-	-	27,146
-	-	30,628
14,941	(41,722)	434,265
1	(15,302)	315,846
26,756	(57,024)	6,316,688
44,827	(41,722)	5,142,560
-	-	93,576
-	-	181,783
-	-	20,756
-	-	142,871
-	-	80,094
-	-	269,017
44,827	(41,722)	5,930,657
4,047	(15,302)	662,163
48,874	(57,024)	6,592,820
(22,118)	-	(276,132)
-	-	765,881
(22,118)	-	489,749
455,797	-	5,754,439
\$ 433,679	\$ -	\$ 6,244,188