

Consolidated Financial Statements and
Independent Auditor's Report

Inspiration Field and Affiliates

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Inspiration Field and Affiliates

Opinion

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, 2022, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Inspiration Field and Affiliates as of June 30, 2022, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Center'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 Center'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.

Report on Summarized Comparative Information

We have previously audited the Center's 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

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 26 through 31 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 26 through 31 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Logan, Thomas & Johnson, LLC

Broomfield, Colorado

March 9, 2023

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Consolidated Financial Statements

Inspiration Field and Affiliates
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2022
(With summarized financial information as of June 30, 2021)

	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,366,625	\$ 1,460,160
Accounts receivable		
Fees and grants from governmental agencies	589,915	646,444
Other	15,731	23,419
Prepaid expenses and deposits	24,230	9,080
Total current assets	2,996,501	2,139,103
Tenant deposits held in trust	3,040	3,039
Restricted cash in reserve funds	31,292	31,333
Assets restricted to investment in land, buildings, and equipment	89,826	89,717
Land, building and equipment, net	5,598,855	5,997,475
Total assets	\$ 8,719,514	\$ 8,260,667
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 999,301	\$ 377,922
Deferred revenue	152,475	110,729
Current portion of loans payable	261,219	131,157
Total current liabilities	1,412,995	619,808
Noncurrent liabilities		
Tenant deposits held in trust	3,040	3,039
Long-term debt, net of current portion		
Loans payable, net of unamortized debt issuance costs	1,055,552	1,393,632
Total noncurrent liabilities	1,058,592	1,396,671
Total liabilities	2,471,587	2,016,479
Net assets		
Without donor restrictions		
Board designation for philanthropy	54,061	49,261
Board designation for vehicle maintenance building	51	50
Board designation for Global Treasurz expansion	51,113	51,055
Net investment in land, building and equipment	4,282,084	4,472,686
Reserved for HUD regulation compliance	31,292	31,333
Undesignated	1,739,500	1,550,086
Total without donor restrictions	6,158,101	6,154,471
With donor restrictions - purpose restrictions	89,826	89,717
Total net assets	6,247,927	6,244,188
Total liabilities and net assets	\$ 8,719,514	\$ 8,260,667

The accompanying notes are an integral part of this statement.

Inspiration Field and Affiliates
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2022
(With summarized financial information for the year ended June 30, 2021)

	Without donor	With donor	Total	
	restrictions	restrictions	2022	2021
Revenues and support				
Fees and grants from governmental agencies				
Fees for services				
State of Colorado				
State General Fund	\$ 352,551	\$ -	\$ 352,551	\$ 282,043
Medicaid	5,177,992	-	5,177,992	5,142,361
Grants and other				
Department of Housing and Urban Development	27,694	-	27,694	26,505
Other	110,729	-	110,729	57,894
Total fees and grants from governmental agencies	5,668,966	-	5,668,966	5,508,803
Public support – contributions	12,873	16,854	29,727	27,146
In-kind contributions	-	-	-	30,628
Residential room and board	434,424	-	434,424	434,265
Other revenue	361,152	7	361,159	315,846
Net assets released from restrictions				
Satisfaction of purpose restrictions	16,752	(16,752)	-	-
Total revenues and support	6,494,167	109	6,494,276	6,316,688
Expenses				
Program services				
Medicaid comprehensive	4,835,801	-	4,835,801	5,142,560
State adult supported living	158,522	-	158,522	93,576
Medicaid adult supported living	338,380	-	338,380	181,783
Children's extensive support	15,815	-	15,815	20,756
Early intervention	189,363	-	189,363	142,871
Family support	99,108	-	99,108	80,094
Case management	213,737	-	213,737	269,017
Total program services	5,850,726	-	5,850,726	5,930,657
Supporting services				
Management and general	639,811	-	639,811	662,163
Total expenses	6,490,537	-	6,490,537	6,592,820
CHANGE IN NET ASSETS BEFORE OTHER GAINS	3,630	109	3,739	(276,132)
Forgiveness of PPP loan and accrued interest	-	-	-	765,881
CHANGE IN NET ASSETS	3,630	109	3,739	489,749
Net assets, beginning of year	6,154,471	89,717	6,244,188	5,754,439
Net assets, end of year	\$ 6,158,101	\$ 89,826	\$ 6,247,927	\$ 6,244,188

The accompanying notes are an integral part of this statement.

Inspiration Field and Affiliates
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2022
(With summarized financial information for the year ended June 30, 2021)

	Program Services			
	Medicaid comprehen- sive	State adult supported living	Medicaid adult supported living	Children's extensive support
Expenses				
Salaries, benefits and taxes	\$ 3,190,540	\$ 119,280	\$ 237,947	\$ 14,438
Professional services	404,872	303	744	11
Staff development and travel	11,798	27	137	-
Vehicles	47,659	2,788	5,574	-
Occupancy and equipment	217,056	6,772	17,331	-
Supplies	237,130	3,044	11,916	-
Other	141,320	6,000	11,670	1,366
Food	74,569	2,733	18,407	-
Insurance	107,554	7,280	13,179	-
Interest	47,739	221	221	-
Depreciation	355,564	10,074	21,254	-
Total expenses	<u>\$ 4,835,801</u>	<u>\$ 158,522</u>	<u>\$ 338,380</u>	<u>\$ 15,815</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	
					2022	2021
\$	115,770	\$ 12,658	\$ 161,243	\$ 458,051	\$ 4,309,927	\$ 4,449,835
	55,914	138	7,305	18,046	487,333	429,338
	1,249	83	295	2,659	16,248	19,950
	-	-	1,055	1,138	58,214	42,250
	3,897	3,897	7,492	14,836	271,281	291,630
	483	198	4,773	68,212	325,756	401,396
	2,905	73,050	3,118	31,520	270,949	237,511
	24	161	234	6,112	102,240	53,630
	1,516	1,516	6,116	9,385	146,546	131,952
	2,016	2,016	3,721	7,160	63,094	78,457
	5,589	5,391	18,385	22,692	438,949	456,871
\$	189,363	\$ 99,108	\$ 213,737	\$ 639,811	\$ 6,490,537	\$ 6,592,820

The accompanying notes are an integral part of this statement.

Inspiration Field and Affiliates
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended June 30, 2022
(With summarized financial information for the year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 3,739	\$ 489,749
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	447,248	466,831
Gain on sale of land, building and equipment	(5,520)	(1,840)
Gain on forgiveness of PPP loan	-	(760,662)
Contributions restricted for capital acquisition and construction	(16,854)	(6,311)
Change in assets and liabilities		
(Increase) decrease in accounts receivable	64,217	(87,886)
Decrease in contributions receivable	-	50
(Increase) decrease in prepaid expenses and other	(15,150)	12,094
Increase in accounts payable and accrued liabilities	621,380	36,017
Increase in deferred revenue	41,746	110,729
Net cash provided by operating activities	<u>1,140,806</u>	<u>258,771</u>
Cash flows from investing activities		
Purchase of land, building and equipment	(40,329)	(140,917)
Proceeds from sale of land, building and equipment	5,520	1,840
Net cash used in investing activities	<u>(34,809)</u>	<u>(139,077)</u>
Cash flows from financing activities		
Contributions restricted for capital acquisition and construction	16,854	6,311
Payments on loans payable	(216,317)	(296,721)
Net cash used in financing activities	<u>(199,463)</u>	<u>(290,410)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	906,534	(170,716)
Cash, cash equivalents, and restricted cash at beginning of year	<u>1,584,249</u>	<u>1,754,965</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 2,490,783</u>	<u>\$ 1,584,249</u>
Noncash investing and financing activities		
Forgiveness of PPP loan and accrued interest	\$ -	\$ 765,881
Supplemental data		
Cash paid for interest	\$ 55,097	\$ 63,278

The accompanying notes are an integral part of this statement.

Inspiration Field and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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, 2022

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 March 9, 2023, 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, except for those disclosed in Notes E and L.

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, 2022

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.

Inspiration Field and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

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, 2022. 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, 2019.

Inspiration Field and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

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, 2021, from which the summarized information was derived. Certain financial information as of and for the year ended June 30, 2021 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, 2022

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	\$ 2,366,625
Tenant deposits held in trust	3,040
Restricted cash	31,292
Assets restricted to investment in land, buildings, and equipment (See Note G)	<u>89,826</u>
	<u>\$ 2,490,783</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	\$ 3,054	\$ 28,279	\$ 3,039
Interest earned	-	14	1
Deposits	-	6,668	-
Distributions	<u>(334)</u>	<u>(6,389)</u>	<u>-</u>
Ending balance	<u>\$ 2,720</u>	<u>\$ 28,572</u>	<u>\$ 3,040</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	\$ 2,366,625
Accounts receivable	<u>605,646</u>
	<u>\$ 2,972,271</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, 2022

NOTE D – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at June 30, 2022:

Land improvements	\$ 259,278
Buildings and improvements	8,383,381
Administrative and program equipment	640,249
Transportation equipment	<u>1,465,716</u>
	10,748,624
Less accumulated depreciation and amortization	<u>5,486,845</u>
	5,261,779
Land	<u>337,076</u>
	<u>\$ 5,598,855</u>

Depreciation expense for the year ended June 30, 2022 was \$438,949.

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, 2022 of \$1,191,406. 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%. 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, 2022, net of accumulated amortization, are \$0. Amortization of loan costs was \$8,299 for the year ended June 30, 2022. The costs are fully amortized as of June 30, 2022.

Subsequent to June 30, 2022, the Center paid off the loan by entering into a new loan agreement with another financial institution in the amount of \$1,000,000 and making an additional principal payment of \$180,304. The new loan requires monthly payments of \$9,974 until the loan matures with a balloon payment due on September 27, 2029. The interest rate is 3.63%. This loan is secured by a deed of trust on the administration building. The current portion of loans payable as of June 30, 2022 is determined using the payments required under the original loan through the payoff date and the payments required under the replacement loan through the end of the fiscal year ending June 30, 2023.

Inspiration Field and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

NOTE E – LOANS PAYABLE (CONTINUED)

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, 2022 of \$125,365. 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, 2022 was 5%.

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, 2022.

Interest expense for the year ended June 30, 2022 was \$63,094. Future maturities of the loans payable using the information obtained subsequent to June 30, 2022, are as follows:

Year ending June 30,	
2023	\$ 261,219
2024	93,707
2025	97,423
2026	197,145
2027	96,749
Thereafter	<u>570,528</u>
	1,316,771
Less current portion	<u>261,219</u>
	\$ <u>1,055,552</u>

NOTE F – DEFERRED REVENUE

Deferred revenue of \$152,475 at June 30, 2022, consists of \$152,475 of unspent funds from the CARES Act Provider Relief Fund.

NOTE G – NET ASSETS

Net investment in land, building and equipment is comprised of land, building and equipment, net of related debt. As of June 30, 2022, net assets with donor restrictions consist of \$68,833 to be used for the administration building, \$7,848 to be used for the vehicle maintenance facility and \$13,145 to be used for the expansion of the Global Treasurz thrift store.

Inspiration Field and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

NOTE H – 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, 2022, retirement plan expense was \$58,582.

NOTE I – 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.

NOTE J – 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.

Inspiration Field and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

NOTE K – 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, 2022, totaled \$589,915. The Center has a payable at June 30, 2022, to the State of Colorado in the amount of \$622,188 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 L – SUBSEQUENT EVENTS

The Center relinquished its case management services to Otero County in October 2022. There is expected to be a minimal effect on the Center's change in net assets in the future due to the cessation of the provision of these services.

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Supplementary Information

Inspiration Field and Affiliates
CONSOLIDATED SUMMARY OF REVENUES, SUPPORT AND EXPENSES BY PROGRAM
Year ended June 30, 2022
(With summarized financial information for the year ended June 30, 2021)

	<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	\$ -	\$ -	\$ 64,202
Medicaid	-	4,874,323	-
Grants and other			
Department of Housing and Urban Development	-	27,694	-
Other	-	110,729	-
Total fees and grants from governmental agencies	-	5,012,746	64,202
Public support - contributions	29,727	-	-
In-kind contributions	-	-	-
Residential room and board	-	434,424	-
Other revenue	140,213	110,217	-
Total revenues and support	<u>\$ 169,940</u>	<u>\$ 5,557,387</u>	<u>\$ 64,202</u>
Expenses			
Salaries			
Direct care	\$ -	\$ 2,748,454	\$ 97,365
Other	-	-	-
Payroll taxes	-	241,362	9,945
Employee benefits	-	200,724	11,970
Total personal services	-	3,190,540	119,280
Medical professional services	-	1,301	112
Other professional services	-	403,571	191
Staff development	-	7,935	-
Staff travel	-	3,863	27
Vehicles - fuel and oil	-	34,634	2,041
Vehicles - maintenance	-	13,025	747
Occupancy - rent	-	7,963	-
Occupancy - maintenance	-	63,408	753
Occupancy - utilities	-	142,774	5,983
Equipment - leases	-	584	36
Equipment - maintenance	-	2,327	-
Medical and client care supplies	-	26,081	493
Other supplies	-	211,049	2,551
Telephone	-	35,987	1,363
Dues and subscriptions	-	15,172	439
Food	-	74,569	2,733
Insurance	-	107,554	7,280
Interest	-	47,739	221
Other	-	90,161	4,198
In-kind contributions	-	-	-
Depreciation and amortization	-	355,564	10,074
Total expenses	<u>\$ -</u>	<u>\$ 4,835,801</u>	<u>\$ 158,522</u>

Program Services

Medicaid adult supported living	Children's extensive support	Early interven- tion	Family support	Case manage- ment	Management and general	Total	
						2022	2021
\$ -	\$ -	\$ 87,604	\$ 72,149	\$ 60,874	\$ 67,722	\$ 352,551	\$ 282,043
81,104	25,176	-	-	179,035	18,354	5,177,992	5,142,361
-	-	-	-	-	-	27,694	26,505
-	-	-	-	-	-	110,729	57,894
81,104	25,176	87,604	72,149	239,909	86,076	5,668,966	5,508,803
-	-	-	-	-	-	29,727	27,146
-	-	-	-	-	-	-	30,628
-	-	-	-	-	-	434,424	434,265
-	-	-	-	-	-	250,430	315,846
<u>\$ 81,104</u>	<u>\$ 25,176</u>	<u>\$ 87,604</u>	<u>\$ 72,149</u>	<u>\$ 239,909</u>	<u>\$ 86,076</u>	<u>\$ 6,383,547</u>	<u>\$ 6,316,688</u>
\$ 196,299	\$ 13,252	\$ 92,771	\$ 11,690	\$ -	\$ -	\$ 3,159,831	\$ 3,124,892
-	-	-	-	144,696	276,866	421,562	460,604
19,052	1,186	8,382	790	10,977	55,237	346,931	377,365
22,596	-	14,617	178	5,570	125,948	381,603	486,974
237,947	14,438	115,770	12,658	161,243	458,051	4,309,927	4,449,835
(88)	-	-	-	-	-	1,325	1,348
832	11	55,914	138	7,305	18,046	486,008	427,990
-	-	366	83	84	2,321	10,789	2,632
137	-	883	-	211	338	5,459	17,318
4,680	-	-	-	32	859	42,246	34,780
894	-	-	-	1,023	279	15,968	7,470
509	-	-	-	-	-	8,472	7,779
2,554	-	849	849	1,570	3,204	73,187	98,840
13,834	-	3,048	3,048	5,636	10,844	185,167	182,684
67	-	-	-	286	221	1,194	1,159
367	-	-	-	-	567	3,261	1,168
291	-	-	-	-	-	26,865	26,715
11,625	-	483	198	4,773	68,212	298,891	374,681
1,939	-	506	193	950	4,396	45,334	42,599
651	5	90	61	370	2,672	19,460	22,263
18,407	-	24	161	234	6,112	102,240	53,630
13,179	-	1,516	1,516	6,116	9,385	146,546	131,952
221	-	2,016	2,016	3,721	7,160	63,094	78,457
9,080	1,361	2,309	72,796	1,798	24,452	206,155	142,021
-	-	-	-	-	-	-	30,628
21,254	-	5,589	5,391	18,385	22,692	438,949	456,871
<u>\$ 338,380</u>	<u>\$ 15,815</u>	<u>\$ 189,363</u>	<u>\$ 99,108</u>	<u>\$ 213,737</u>	<u>\$ 639,811</u>	<u>\$ 6,490,537</u>	<u>\$ 6,592,820</u>

Inspiration Field and Affiliates
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS	Inspiration Field	ARKVA Housing	AVCC Housing
Current assets			
Cash and cash equivalents	\$ 2,352,141	\$ 2,464	\$ 4,362
Accounts receivable			
Fees and grants from governmental agencies	589,915	-	-
Other	24,494	-	-
Prepaid expenses and deposits	24,230	-	-
Total current assets	2,990,780	2,464	4,362
Tenant deposits held in trust	-	997	962
Restricted cash in reserve funds	-	5,328	8,857
Assets restricted to investment in land, buildings, and equipment	89,826	-	-
Land, building and equipment, net	4,805,055	124,004	266,268
Total assets	<u>\$ 7,885,661</u>	<u>\$ 132,793</u>	<u>\$ 280,449</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued expenses	\$ 999,301	\$ 3,721	\$ 2,798
Deferred revenue	152,475	-	-
Current portion of loans payable	261,219	-	-
Total current liabilities	1,412,995	3,721	2,798
Noncurrent liabilities			
Tenant deposits held in trust	-	997	962
Long-term debt, net of current portion			
Loans payable, net of unamortized debt issuance costs	1,055,552	-	-
Total noncurrent liabilities	1,055,552	997	962
Total liabilities	2,468,547	4,718	3,760
Net assets			
Without donor restrictions			
Board designation for philanthropy	54,061	-	-
Board designation for vehicle maintenance building	51	-	-
Board designation for Global Treasurz expansion	51,113	-	-
Net investment in land, building and equipment	3,488,284	124,004	266,268
Reserved for HUD regulation compliance	-	5,328	8,857
Undesignated	1,733,779	(1,257)	1,564
With donor restrictions - purpose restrictions	89,826	-	-
Total net assets	5,417,114	128,075	276,689
Total liabilities and net assets	<u>\$ 7,885,661</u>	<u>\$ 132,793</u>	<u>\$ 280,449</u>

<u>Prairieview Housing</u>	<u>Eliminations</u>	<u>Consolidated</u>
\$ 7,658	\$ -	\$ 2,366,625
-	-	589,915
-	(8,763)	15,731
-	-	24,230
<u>7,658</u>	<u>(8,763)</u>	<u>2,996,501</u>
1,081	-	3,040
17,107	-	31,292
-	-	89,826
<u>403,528</u>	<u>-</u>	<u>5,598,855</u>
<u>\$ 429,374</u>	<u>\$ (8,763)</u>	<u>\$ 8,719,514</u>
\$ 2,244	\$ (8,763)	\$ 999,301
-	-	152,475
-	-	261,219
<u>2,244</u>	<u>(8,763)</u>	<u>1,412,995</u>
1,081	-	3,040
-	-	1,055,552
<u>1,081</u>	<u>-</u>	<u>1,058,592</u>
3,325	(8,763)	2,471,587
-	-	54,061
-	-	51
-	-	51,113
403,528	-	4,282,084
17,107	-	31,292
5,414	-	1,739,500
-	-	89,826
<u>426,049</u>	<u>-</u>	<u>6,247,927</u>
<u>\$ 429,374</u>	<u>\$ (8,763)</u>	<u>\$ 8,719,514</u>

Inspiration Field and Affiliates
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended June 30, 2022

	<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	\$ 352,551	\$ -	\$ -
Medicaid	5,177,992	-	-
Grants and other			
Department of Housing and Urban Development	-	6,987	7,666
Other	110,729	-	-
Total fees and grants from governmental agencies	<u>5,641,272</u>	<u>6,987</u>	<u>7,666</u>
Public support – contributions	29,727	-	-
Residential room and board	434,424	13,317	13,398
Other revenue	366,546	2	10
Total revenues and support	<u>6,471,969</u>	<u>20,306</u>	<u>21,074</u>
Expenses			
Program services			
Medicaid comprehensive	4,788,802	25,958	31,116
State adult supported living	158,522	-	-
Medicaid adult supported living	338,380	-	-
Children's extensive support	15,815	-	-
Early intervention	189,363	-	-
Family support	99,108	-	-
Case management	213,737	-	-
Total program services	<u>5,803,727</u>	<u>25,958</u>	<u>31,116</u>
Supporting services			
Management and general	633,030	4,071	4,078
Total expenses	<u>6,436,757</u>	<u>30,029</u>	<u>35,194</u>
CHANGE IN NET ASSETS	35,212	(9,723)	(14,120)
Net assets, beginning of year	<u>5,381,902</u>	<u>137,798</u>	<u>290,809</u>
Net assets, end of year	<u>\$ 5,417,114</u>	<u>\$ 128,075</u>	<u>\$ 276,689</u>

<u>Prairieview</u>		
<u>Housing</u>	<u>Eliminations</u>	<u>Consolidated</u>
\$ -	\$ -	\$ 352,551
-	-	5,177,992
13,041	-	27,694
-	-	110,729
<u>13,041</u>	<u>-</u>	<u>5,668,966</u>
-	-	29,727
13,683	(40,398)	434,424
1	(5,400)	361,159
<u>26,725</u>	<u>(45,798)</u>	<u>6,494,276</u>
30,323	(40,398)	4,835,801
-	-	158,522
-	-	338,380
-	-	15,815
-	-	189,363
-	-	99,108
-	-	213,737
<u>30,323</u>	<u>(40,398)</u>	<u>5,850,726</u>
<u>4,032</u>	<u>(5,400)</u>	<u>639,811</u>
<u>34,355</u>	<u>(45,798)</u>	<u>6,490,537</u>
(7,630)	-	3,739
<u>433,679</u>	<u>-</u>	<u>6,244,188</u>
<u>\$ 426,049</u>	<u>\$ -</u>	<u>\$ 6,247,927</u>