



Consolidated Financial Statements and  
Independent Auditor's Report

**Inspiration Field and Affiliates**

June 30, 2015



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Logan, Thomas & Johnson, LLC  
Certified Public Accountants

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, 2015, and the related consolidated statements of activities 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 as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. 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, 2015, 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 2014 consolidated financial statements, and our report dated September 24, 2014, 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, 2014, 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 20 through 25 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 20 through 25 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Logan, Thomas + Johnson, LLC*

Broomfield, Colorado

October 1, 2015

*Consolidated Financial Statements*

Inspiration Field and Affiliates  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
June 30, 2015  
(With summarized financial information as of June 30, 2014)

	2015	2014
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,496,511	\$ 1,060,509
Accounts receivable		
Fees and grants from governmental agencies	491,656	470,246
Other	23,641	27,189
Contributions receivable	100	2,045
Prepaid expenses and deposits	13,049	14,067
Total current assets	2,024,957	1,574,056
Restricted cash in reserve funds	43,486	50,201
Deferred loan issuance costs, net of amortization of \$31,537	68,052	78,011
Land, building and equipment, net	6,543,664	6,763,968
Total assets	\$ 8,680,159	\$ 8,466,236
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 417,073	\$ 463,348
Current portion of loans payable	96,267	92,083
Deferred revenue	18,098	-
Total current liabilities	531,438	555,431
Long-term debt, net of current portion		
Loans payable	2,279,663	2,402,069
Total liabilities	2,811,101	2,957,500
Net assets		
Unrestricted		
Board designation for philanthropy	45,980	35,436
Board designation for vehicle maintenance building	232,137	-
Net investment in land, building and equipment	4,235,786	4,347,827
Reserved for HUD regulation compliance	43,486	50,201
Undesignated	1,235,522	1,019,753
Total unrestricted net assets	5,792,911	5,453,217
Temporarily restricted	76,147	55,519
Total net assets	5,869,058	5,508,736
Total liabilities and net assets	\$ 8,680,159	\$ 8,466,236

The accompanying notes are an integral part of this statement.

Inspiration Field and Affiliates  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year ended June 30, 2015  
(With summarized financial information for the year ended June 30, 2014)

	Unrestricted	Temporarily Restricted	Total	
			2015	2014
Revenues and support				
Fees and grants from governmental agencies				
Fees for services				
State of Colorado				
State General Fund	\$ 258,365	\$ -	\$ 258,365	\$ 270,573
Medicaid	5,614,680	-	5,614,680	5,308,010
Grants and other				
Part C	4,424	-	4,424	11,633
Department of Housing and Urban Development	27,675	-	27,675	27,828
Other	19,756	-	19,756	30,000
Total fees and grants from governmental agencies	5,924,900	-	5,924,900	5,648,044
Public support – contributions	16,672	21,478	38,150	55,232
In-kind contributions	125,366	-	125,366	29,953
Residential room and board	491,821	-	491,821	472,110
Other revenue	480,473	-	480,473	311,274
Net assets released from restrictions				
Satisfaction of program restrictions	850	(850)	-	-
Total revenues and support	7,040,082	20,628	7,060,710	6,516,613
Expenses				
Program services				
Medicaid comprehensive	4,897,892	-	4,897,892	4,492,352
State adult supported living	141,619	-	141,619	165,491
Medicaid adult supported living	345,029	-	345,029	300,467
Children's extensive support	-	-	-	522
Early intervention	72,094	-	72,094	74,886
Family support	40,797	-	40,797	27,519
Case management	224,207	-	224,207	244,729
Total program services	5,721,638	-	5,721,638	5,305,966
Supporting services				
Management and general	978,750	-	978,750	938,020
Total expenses	6,700,388	-	6,700,388	6,243,986
CHANGE IN NET ASSETS	339,694	20,628	360,322	272,627
Net assets, beginning of year	5,453,217	55,519	5,508,736	5,236,109
Net assets, end of year	\$ 5,792,911	\$ 76,147	\$ 5,869,058	\$ 5,508,736

The accompanying notes are an integral part of this statement.

Inspiration Field and Affiliates  
CONSOLIDATED STATEMENT OF CASH FLOWS  
Year ended June 30, 2015  
(With summarized financial information for the year ended June 30, 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 360,322	\$ 272,627
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	377,329	387,129
(Gain) loss on sale of land, building and equipment	(12,642)	22,203
In-kind contribution of equipment	(6,878)	-
Change in assets and liabilities		
(Increase) decrease in accounts receivable	(17,862)	223,455
Decrease in contributions receivable	1,945	6,399
Decrease in prepaid expenses and other	1,018	4,208
Increase (decrease) in accounts payable and accrued liabilities	(46,275)	7,546
Increase in deferred revenue	18,098	-
Net cash provided by operating activities	<u>675,055</u>	<u>923,567</u>
Cash flows from investing activities		
Purchase of land, building and equipment	(140,188)	(109,496)
Payments from accounts payable for fixed assets	-	(779,719)
Proceeds from sale of land, building and equipment	12,642	8,796
Decrease in restricted reserve funds	6,715	203,080
Net cash used in investing activities	<u>(120,831)</u>	<u>(677,339)</u>
Cash flows from financing activities		
Payments on loans payable	(118,222)	(336,695)
Net cash used in financing activities	<u>(118,222)</u>	<u>(336,695)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	436,002	(90,467)
Cash and cash equivalents, beginning of year	<u>1,060,509</u>	<u>1,150,976</u>
Cash and cash equivalents, end of year	<u>\$ 1,496,511</u>	<u>\$ 1,060,509</u>
Supplemental data		
Cash paid for interest	\$ 89,733	\$ 105,239
Noncash investing activities		
In-kind contribution of equipment	\$ 6,878	\$ -

The accompanying notes are an integral part of this statement.



Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

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, 2015

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, 2015

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 1, 2015, 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*

For purposes of the statement of cash flows, 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, 2015

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

9. *Accounting for Contributions*

Unconditional promises to give are recognized as a receivable and revenues, at fair value, when the pledge is received. Unconditional promises to give that are expected to be collected in less than one year are measured at net realizable value. Unconditional promises to give expected to be collected over periods in excess of one year from the time of the pledge are measured using a risk-adjusted discount rate. In subsequent periods, accruals of the interest element are accounted for as contribution revenue. As of June 30, 2015, the Center had \$100 of contributions receivable which will be received within one year.

Conditional promises are recognized when the conditions outlined in the agreement have been met. As of June 30, 2015, the Center has a conditional promise from the City of La Junta for a land donation for a proposed vehicle maintenance facility. The Center must raise the funds prior to the City making the land available. The conditions have not been met and no revenue has been recognized for the year ended June 30, 2015.

All contributions are considered to be available for unrestricted use 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 temporarily restricted or permanently restricted support that increases those net asset classes. 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 temporarily restricted net assets.

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, temporarily restricted net assets are reclassified to unrestricted net assets 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. Permanently restricted net assets include the principal amount of contributions accepted with the stipulation from the donor that the principal be maintained in perpetuity, and only the income from investment thereof be expended for either general purposes or a purpose specified by the donor.

10. *Loan Issuance Costs*

Loan issuance costs are deferred and amortized to depreciation and amortization expense over the term of the respective loan using the straight-line method, which approximates the effective interest method.

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

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

11. *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

12. *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.

13. *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, 2015. 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 ended June 30, 2012.

14. *Prior Year Summarized Information*

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, 2014, from which the summarized information was derived.

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

NOTE B – RESTRICTED CASH IN RESERVE FUNDS

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, distributions from the residual receipts reserve account, and distributions from the minimum capital reserve account require approval from HUD. Account activity in these reserves for the year is as follows:

	Residual receipts	Replacement reserve	Minimum capital
Beginning balance	\$ 22,881	\$ 20,830	\$ 6,490
Interest earned	6	23	1
Deposits	6,095	4,762	-
Distributions	<u>(6,071)</u>	<u>(5,040)</u>	<u>(6,491)</u>
Ending balance	\$ <u>22,911</u>	\$ <u>20,575</u>	\$ <u>-</u>

NOTE C – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at June 30, 2015:

Land improvements	\$ 171,839
Buildings and improvements	7,737,520
Administrative and program equipment	472,302
Transportation equipment	<u>909,088</u>
	9,290,749
Less accumulated depreciation and amortization	<u>3,022,783</u>
	6,267,966
Construction in progress	13,068
Land	<u>262,630</u>
	\$ <u>6,543,664</u>

Depreciation expense for the year ended June 30, 2015 was \$367,370.

NOTE D – LOANS PAYABLE

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

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

NOTE D – LOANS PAYABLE (CONTINUED)

The loan, which had an original balance of \$2,590,000, has a total outstanding balance at June 30, 2015 of \$2,375,930. Monthly payments of \$15,195 are required until the loan matures on May 15, 2023. The interest rate is 3.63% until May 15, 2017 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 17, 2017 and 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, 2015, net of accumulated amortization, are \$68,052.

This loan contains various debt covenants including a 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, 2015. Interest expense for the year ended June 30, 2015 was \$89,734. Future maturities of the loans payable at June 30, 2015, are as follows:

Year ending June 30,		
2016	\$	96,267
2017		100,106
2018		103,853
2019		107,740
2020		111,580
Thereafter		<u>1,856,384</u>
		2,375,930
Less current portion		<u>96,267</u>
	\$	<u>2,279,663</u>

NOTE E – DEFERRED REVENUE

Deferred revenue at June 30, 2015, consists of \$12,776 of unspent insurance proceeds, \$5,054 of unspent funds from the State of Colorado and \$268 of miscellaneous items.

NOTE F – LEASES

The Center leases building space under an operating lease agreement for one of its stores which expires in 2016. Future minimum lease payments under this lease are \$10,450 for 2016.

The Center also conducts a portion of its operations from other leased facilities under operating lease agreements, which are on a month-to-month basis. Rental expense for the year ended June 30, 2015 was \$30,388.

Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

NOTE G – NET ASSETS

Net investment in land, building and equipment is comprised of net deferred loan issuance costs and net land, building and equipment, less loans payable. As of June 30, 2015, temporarily restricted net assets consist of \$70,177 to be used for the new administration building and \$5,970 to be used for the proposed vehicle maintenance facility.

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, 2015, retirement plan expense was \$41,584.

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.



Inspiration Field and Affiliates  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015

NOTE J – RELATED PARTY TRANSACTIONS

The Center receives a substantial amount of revenue from the State of Colorado. The amount of receivables and deferred revenue the Center has from the State of Colorado as of June 30, 2015 totaled \$491,615 and \$5,054, respectively. The Center has a payable at June 30, 2015, to the State of Colorado in the amount of \$63 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.

*Supplementary Information*

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Inspiration Field and Affiliates  
CONSOLIDATED SUMMARY OF REVENUES, SUPPORT AND EXPENSES BY PROGRAM  
Year ended June 30, 2015  
(With summarized financial information for the year ended June 30, 2014)

	<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	\$ -	\$ -	\$ 124,389
Medicaid	-	5,087,727	-
Grants and other			
Part C	-	-	-
Department of Housing and Urban Development	-	27,675	-
Other	-	19,756	-
Total fees and grants from governmental agencies	<u>-</u>	<u>5,135,158</u>	<u>124,389</u>
Public support - contributions	38,150	-	-
In-kind contributions	-	110,983	-
Residential room and board	-	491,821	-
Other revenue	322,583	157,890	-
Total revenues and support	<u>\$ 360,733</u>	<u>\$ 5,895,852</u>	<u>\$ 124,389</u>
Expenses			
Salaries			
Direct care	\$ -	\$ 2,434,925	\$ 78,143
Other	-	-	-
Payroll taxes	-	306,315	10,612
Employee benefits	-	270,503	3,972
Total personal services	<u>-</u>	<u>3,011,743</u>	<u>92,727</u>
Medical professional services	-	94,769	55
Other professional services	-	356,634	-
Staff development	-	3,944	-
Staff travel	-	8,346	88
Vehicles - fuel and oil	-	52,252	2,584
Vehicles - maintenance	-	45,401	1,824
Occupancy - rent	-	25,026	1,653
Occupancy - maintenance	-	85,766	4,035
Occupancy - utilities	-	183,899	7,735
Equipment - leases	-	199	20
Equipment - maintenance	-	7,407	367
Medical and client care supplies	-	27,675	558
Other supplies	-	163,969	7,282
Telephone	-	22,901	573
Dues and subscriptions	-	13,047	182
Food	-	185,935	4,301
Insurance	-	68,644	3,180
Interest	-	59,942	-
Other	-	96,683	5,742
In-kind contributions	-	102,047	-
Depreciation and amortization	-	281,663	8,713
Total expenses	<u>\$ -</u>	<u>\$ 4,897,892</u>	<u>\$ 141,619</u>

**Program Services**

Medicaid adult supported living	Children's extensive support	Early interven- tion	Family support	Case manage- ment	Management and general	Total	
						2015	2014
\$ -	\$ -	\$ 26,880	\$ 39,358	\$ 29,292	\$ 38,446	\$ 258,365	\$ 270,573
199,095	464	-	-	296,395	30,999	5,614,680	5,308,010
-	-	-	-	-	4,424	4,424	11,633
-	-	-	-	-	-	27,675	27,828
-	-	-	-	-	-	19,756	30,000
199,095	464	26,880	39,358	325,687	73,869	5,924,900	5,648,044
-	-	-	-	-	-	38,150	55,232
-	-	-	-	-	14,383	125,366	29,953
-	-	-	-	-	-	491,821	472,110
-	-	-	-	-	-	480,473	311,274
<u>\$ 199,095</u>	<u>\$ 464</u>	<u>\$ 26,880</u>	<u>\$ 39,358</u>	<u>\$ 325,687</u>	<u>\$ 88,252</u>	<u>\$ 7,060,710</u>	<u>\$ 6,516,613</u>
\$ 178,429	\$ -	\$ 31,002	\$ 4,150	\$ -	\$ -	\$ 2,726,649	\$ 2,570,884
-	-	-	-	138,270	464,004	602,274	549,562
20,814	-	4,013	501	15,268	51,677	409,200	360,787
42,644	-	1,158	233	21,901	89,542	429,953	387,860
241,887	-	36,173	4,884	175,439	605,223	4,168,076	3,869,093
11,963	-	-	-	-	-	106,787	98,731
-	-	26,104	-	8,940	40,601	432,279	385,584
-	-	-	-	225	12,152	16,321	6,361
379	-	152	-	1,162	13,332	23,459	13,038
4,448	-	34	-	566	1,350	61,234	75,164
2,078	-	-	-	-	7,285	56,588	49,257
2,850	-	-	-	-	137	29,666	25,909
6,295	-	123	123	855	12,400	109,597	98,767
14,362	-	2,649	2,649	5,456	10,822	227,572	232,898
35	-	-	-	-	468	722	712
249	-	-	-	-	378	8,401	3,203
283	-	-	-	22	22	28,560	29,517
14,192	-	315	382	11,463	91,819	289,422	292,505
1,972	-	-	-	1,975	5,455	32,876	35,223
219	-	-	-	30	13,765	27,243	23,382
6,684	-	137	396	632	11,752	209,837	216,617
5,392	-	207	207	1,602	12,028	91,260	124,066
-	-	-	-	-	29,792	89,734	105,239
15,722	-	1,454	27,410	2,891	45,035	194,937	141,638
-	-	-	-	-	16,441	118,488	29,953
16,019	-	4,746	4,746	12,949	48,493	377,329	387,129
<u>\$ 345,029</u>	<u>\$ -</u>	<u>\$ 72,094</u>	<u>\$ 40,797</u>	<u>\$ 224,207</u>	<u>\$ 978,750</u>	<u>\$ 6,700,388</u>	<u>\$ 6,243,986</u>

Inspiration Field and Affiliates  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
June 30, 2015

	<u>Inspiration Field</u>	<u>ARKVA Housing</u>	<u>AVCC Housing</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,475,861	\$ 4,046	\$ 8,753
Accounts receivable			
Fees and grants from governmental agencies	491,616	-	40
Other	35,590	-	-
Contributions receivable	100	-	-
Prepaid expenses and deposits	12,804	-	-
Total current assets	<u>2,015,971</u>	<u>4,046</u>	<u>8,793</u>
Restricted cash in reserve funds	-	17,330	19,052
Deferred loan issuance costs	68,052	-	-
Land, building and equipment, net	5,519,055	186,885	338,797
Total assets	<u>\$ 7,603,078</u>	<u>\$ 208,261</u>	<u>\$ 366,642</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued expenses	\$ 414,172	\$ 5,261	\$ 4,918
Current portion of loans payable	96,267	-	-
Deferred revenue	18,098	-	-
Total current liabilities	<u>528,537</u>	<u>5,261</u>	<u>4,918</u>
Long-term debt, net of current portion			
Loans payable	<u>2,279,663</u>	<u>-</u>	<u>-</u>
Total liabilities	2,808,200	5,261	4,918
Net assets			
Unrestricted			
Board designation for philanthropy	45,980	-	-
Board designation for vehicle maintenance building	232,137	-	-
Net investment in land, building and equipment	3,211,177	186,885	338,797
Reserved for HUD regulation compliance	-	17,330	19,052
Undesignated	1,229,437	(1,215)	3,875
Temporarily restricted	76,147	-	-
Total net assets	<u>4,794,878</u>	<u>203,000</u>	<u>361,724</u>
Total liabilities and net assets	<u>\$ 7,603,078</u>	<u>\$ 208,261</u>	<u>\$ 366,642</u>

Prairieview Housing	Eliminations	Consolidated
\$ 7,851	\$ -	\$ 1,496,511
-	-	491,656
-	(11,949)	23,641
-	-	100
245	-	13,049
8,096	(11,949)	2,024,957
7,104	-	43,486
-	-	68,052
498,927	-	6,543,664
<u>\$ 514,127</u>	<u>\$ (11,949)</u>	<u>\$ 8,680,159</u>
\$ 4,671	\$ (11,949)	\$ 417,073
-	-	96,267
-	-	18,098
4,671	(11,949)	531,438
-	-	2,279,663
4,671	(11,949)	2,811,101
-	-	45,980
-	-	232,137
498,927	-	4,235,786
7,104	-	43,486
3,425	-	1,235,522
-	-	76,147
509,456	-	5,869,058
<u>\$ 514,127</u>	<u>\$ (11,949)</u>	<u>\$ 8,680,159</u>

Inspiration Field and Affiliates  
CONSOLIDATING STATEMENT OF ACTIVITIES  
Year ended June 30, 2015

	<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	\$ 258,365	\$ -	\$ -
Medicaid	5,614,680	-	-
Grants and other			
Part C	4,424	-	-
Department of Housing and Urban Development	-	8,506	7,313
Other	19,756	-	-
Total fees and grants from governmental agencies	<u>5,897,225</u>	<u>8,506</u>	<u>7,313</u>
Public support – contributions	38,150	-	-
In-kind contributions	125,366	-	-
Residential room and board	491,821	11,798	14,167
Other revenue	485,843	9	20
Total revenues and support	<u>7,038,405</u>	<u>20,313</u>	<u>21,500</u>
Expenses			
Program services			
Medicaid comprehensive	4,848,415	31,628	27,037
State adult supported living	141,619	-	-
Medicaid adult supported living	345,029	-	-
Early intervention	72,094	-	-
Family support	40,797	-	-
Case management	224,207	-	-
Total program services	<u>5,672,161</u>	<u>31,628</u>	<u>27,037</u>
Supporting services			
Management and general	968,865	2,856	2,863
Total expenses	<u>6,641,026</u>	<u>34,484</u>	<u>29,900</u>
CHANGE IN NET ASSETS	397,379	(14,171)	(8,400)
Net assets, beginning of year	<u>4,397,499</u>	<u>217,171</u>	<u>370,124</u>
Net assets, end of year	<u>\$ 4,794,878</u>	<u>\$ 203,000</u>	<u>\$ 361,724</u>



Prairieview Housing	Eliminations	Consolidated
\$ -	\$ -	\$ 258,365
-	-	5,614,680
-	-	4,424
11,856	-	27,675
-	-	19,756
11,856	-	5,924,900
-	-	38,150
-	-	125,366
13,344	(39,309)	491,821
1	(5,400)	480,473
25,201	(44,709)	7,060,710
30,121	(39,309)	4,897,892
-	-	141,619
-	-	345,029
-	-	72,094
-	-	40,797
-	-	224,207
30,121	(39,309)	5,721,638
9,566	(5,400)	978,750
39,687	(44,709)	6,700,388
(14,486)	-	360,322
523,942	-	5,508,736
\$ 509,456	\$ -	\$ 5,869,058