

Financial Statements and  
Independent Auditor's Report

**Inspiration Field**

June 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Inspiration Field

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

We have audited the accompanying financial statements of Inspiration Field, (the Center) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Inspiration Field as of June 30, 2020, 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.

## **Emphasis of Matter**

As discussed in Note A.2., the financial statements referred to above include only financial statements of Inspiration Field. These financial statements do not include financial data for Inspiration Field's affiliates, which accounting principles generally accepted in the United States of America require to be reported with the financial data of Inspiration Field. As a result, these financial statements do not purport to, and do not, present fairly the consolidated financial position of the reporting entity of Inspiration Field and Affiliates, as of June 30, 2020, the consolidated changes in its net assets or its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated financial statements of Inspiration Field and Affiliates, as of and for the year ended June 30, 2020, and our report thereon, dated September 24, 2020, expressed an unmodified opinion on those consolidated financial statements.

## **Other Matter**

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards information on page 25 and 26 is presented for purposes of additional analysis and is not required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 page 25 and 26 is fairly stated, in all material respects in relation to the financial statements as a whole.

*Logan, Thomas & Johnson, LLC*

Broomfield, Colorado  
September 24, 2020

## *Financial Statements*

Inspiration Field  
STATEMENT OF FINANCIAL POSITION  
June 30, 2020

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,615,306
Accounts receivable	
Fees and grants from governmental agencies	546,871
Other	49,596
Contributions receivable	50
Prepaid expenses and deposits	<u>21,174</u>
Total current assets	2,232,997
Assets restricted to investment in land, buildings, and equipment	89,559
Land, building and equipment, net	<u>5,450,134</u>
Total assets	<u><u>\$ 7,772,690</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	341,998
Current portion of loans payable	<u>462,794</u>
Total current liabilities	804,792
Long-term debt, net of current portion	
Loans payable	<u>2,109,418</u>
Total liabilities	2,914,210
Net assets	
Without donor restrictions	
Board designation for philanthropy	44,653
Board designation for vehicle maintenance building	49
Board designation for Global Treasurz expansion	50,985
Net investment in land, building and equipment	3,638,584
Undesignated	<u>1,034,650</u>
Total without donor restrictions	4,768,921
With donor restrictions - purpose restrictions	
	<u>89,559</u>
Total net assets	<u>4,858,480</u>
Total liabilities and net assets	<u><u>\$ 7,772,690</u></u>

The accompanying notes are an integral part of this statement.

Inspiration Field  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2020

	Without donor restrictions	With donor restrictions	Total
Revenues and support			
Fees and grants from governmental agencies			
Fees for services			
State of Colorado			
State General Fund	\$ 344,654	\$ -	\$ 344,654
Medicaid	5,100,202	-	5,100,202
Grants and other			
Other	149,320	-	149,320
Total fees and grants from governmental agencies	5,594,176	-	5,594,176
Public support – contributions	6,940	14,837	21,777
In-kind contributions	8,137	-	8,137
Residential room and board	437,457	-	437,457
Other revenue	326,386	33	326,419
Total revenues and support	6,373,096	14,870	6,387,966
Expenses			
Program services			
Medicaid comprehensive	4,969,125	-	4,969,125
State adult supported living	116,824	-	116,824
Medicaid adult supported living	222,942	-	222,942
Children's extensive support	38,605	-	38,605
Early intervention	175,896	-	175,896
Family support	53,433	-	53,433
Case management	235,485	-	235,485
Total program services	5,812,310	-	5,812,310
Supporting services			
Management and general	625,918	-	625,918
Total expenses	6,438,228	-	6,438,228
CHANGE IN NET ASSETS	(65,132)	14,870	(50,262)
Net assets, beginning of year	4,834,053	74,689	4,908,742
Net assets, end of year	\$ 4,768,921	\$ 89,559	\$ 4,858,480

The accompanying notes are an integral part of this statement.

Inspiration Field  
STATEMENT OF FUNCTIONAL EXPENSES  
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	\$ 3,326,286	\$ 79,994	\$ 168,735	\$ 31,951
Professional services	373,274	930	636	367
Staff development and travel	13,709	83	90	72
Vehicles	42,326	1,391	2,257	-
Occupancy and equipment	255,273	5,172	8,568	-
Supplies	225,057	7,163	9,391	-
Other	108,192	3,512	8,470	6,197
Food	129,645	2,783	5,118	18
Insurance	95,998	4,319	5,593	-
Interest	60,274	315	315	-
Depreciation	339,091	11,162	13,769	-
	<u>\$ 4,969,125</u>	<u>\$ 116,824</u>	<u>\$ 222,942</u>	<u>\$ 38,605</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
\$ 84,859	\$ 8,722	\$ 184,136	\$ 491,491	\$ 4,376,174
71,136	181	2,245	4,676	453,445
1,685	-	808	3,552	19,999
83	-	404	678	47,139
3,515	3,515	6,616	13,156	295,815
370	177	7,846	41,489	291,493
4,726	31,349	5,231	22,874	190,551
-	-	197	6,231	143,992
1,374	1,374	4,587	7,310	120,555
2,876	2,876	5,311	11,528	83,495
5,272	5,239	18,104	22,933	415,570
<u>\$ 175,896</u>	<u>\$ 53,433</u>	<u>\$ 235,485</u>	<u>\$ 625,918</u>	<u>\$ 6,438,228</u>

The accompanying notes are an integral part of this statement.

Inspiration Field  
STATEMENT OF CASH FLOWS  
Year ended June 30, 2020

Cash flows from operating activities	
Change in net assets	\$ (50,262)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	425,529
Gain on sale of land, building and equipment	(2,900)
Gain on insurance proceeds for damage to vehicle	(10,970)
Contributions restricted for capital acquisition and construction	(14,837)
Change in assets and liabilities	
Decrease in accounts receivable	31,772
Decrease in contributions receivable	300
Increase in prepaid expenses and other	(13,814)
Increase in accounts payable and accrued liabilities	23,731
Net cash provided by operating activities	388,549
Cash flows from investing activities	
Purchase of land, building and equipment	(247,049)
Proceeds from sale of land, building and equipment	2,900
Insurance proceeds received for damage to vehicle	10,970
Net cash used in investing activities	(233,179)
Cash flows from financing activities	
Contributions restricted for capital acquisition and construction	14,837
Proceeds from loans payable	760,662
Payments on loans payable	(145,380)
Net cash provided by financing activities	630,119
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	785,489
Cash, cash equivalents, and restricted cash at beginning of year	919,376
Cash, cash equivalents, and restricted cash at end of year	\$ 1,704,865
Supplemental data	
Cash paid for interest	\$ 72,226

The accompanying notes are an integral part of this statement.

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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

This description of Inspiration Field’s (the Center) nature of activities and summary of significant accounting policies is presented to assist in understanding the Center’s 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. The Center’s revenue comes primarily from the State of Colorado for services provided.

2. *Reporting Entity*

The financial statements do not include Inspiration Field’s affiliates, ARKVA Housing, AVCC Housing, and Prairieview Housing, as required by accounting principles generally accepted in the United States of America. Consolidated financial statements of Inspiration Field and Affiliates have been prepared and can be obtained from Inspiration Field.

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 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.

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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

3. *Description of Services Provided - Continued*

**Program Services or Supports - Continued**

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.

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.

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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

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 September 24, 2020, 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.

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

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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

9. *Accounting for Contributions (Continued)*

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, 2020, the Center had \$50 of contributions receivable which will be received within one year.

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.

10. *Loan Issuance Costs*

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

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

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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

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. *Revenue Recognition*

The Center adopted ASU 2014-09, along with all subsequent related ASUs impacting revenue from contracts with customers (collectively, “the new revenue recognition standard”), effective July 1, 2018, using the modified retrospective method of adoption. The Center has applied the new revenue recognition standard for the year ended June 30, 2019. There was no cumulative effect of initially applying the new accounting to all contracts recognized on July 1, 2019. The Center meets performance obligations and records revenue for contracts as earned based on service dates. Services are typically contracted based on fixed fees for various types of services and dates of service.

14. *Income Taxes*

The Center is 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, 2020. 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, 2017.

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.

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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

16. *Recent Accounting Pronouncements*

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (US GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. The Center has implemented ASU 2014-09. There was no effect on the financial statements.

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments. The amendments in this update clarify the guidance regarding the classification of operating, investing and financing activities for certain types of cash receipts and payments. The amendments in this update are effective for the annual periods, and the interim periods within those years, beginning after December 15, 2018, and should be applied using a retrospective transition method to each period presented. Early adoption is permitted. The Center adopted this ASU during the year ended June 30, 2020, and there was no effect.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The amendments in this ASU require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The ASU will be effective for fiscal years beginning after December 15, 2018. Earlier adoption is permitted. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. For the year ended June 30, 2020, the Center has implemented ASU 2016-18. The ASU has been applied retrospectively and no adjustments were needed to the financial statements.

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

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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

16. *Recent Accounting Pronouncements (Continued)*

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.

In June 2018, the FASB issued ASU No. 2018-08 *Not-for Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve the scope and the accounting guidance for contributions received and contributions made. The ASU will be effective for all entities that have issued, or is a conduit bond obligor for, securities that are traded, listed or quoted on an exchange or an over-the-counter market services as a resource recipient, for fiscal years beginning after December 15, 2018. The ASU will be effective for all entities that have not issued or is a conduit bond obligor for securities that are traded, listed or quoted on an exchange or an over-the-counter market services as a resource provider, for fiscal years beginning after December 15, 2019. For the year ended June 30, 2020 the Center adopted ASU 2018-08.

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	\$ 1,615,306
Assets restricted to investment in land, buildings, and equipment (See Note G)	<u>89,559</u>
	<u>\$ 1,704,865</u>

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

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	\$ 1,615,306
Accounts receivable	<u>596,517</u>
	<u>\$ 2,211,823</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.

NOTE D – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at June 30, 2020:

Land improvements	\$ 241,278
Buildings and improvements	6,934,656
Administrative and program equipment	580,484
Transportation equipment	<u>1,507,634</u>
	9,264,052
Less accumulated depreciation and amortization	<u>4,123,169</u>
	5,140,883
Land	<u>309,251</u>
	<u>\$ 5,450,134</u>

Depreciation expense for the year ended June 30, 2020 was \$415,570.

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. The 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, 2020 of \$1,691,889. Monthly payments of \$15,195 are required until the loan matures 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.

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE E – LOANS PAYABLE (CONTINUED)

The Center incurred \$99,589 in loan costs for the bond issue. Deferred loan costs at June 30, 2020, net of accumulated amortization, are \$18,258. Amortization of loan costs was \$9,959 for the year ended June 30, 2020. Future amortization will be \$9,959 and \$8,299 for the years ended June 30, 2021 and 2022, respectively.

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, 2020 of \$137,919. Monthly payments of \$1,084 are required until a balloon payment is due in November 2025 for \$102,512. 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, 2020 was 5.09%.

These loans contain various debt covenants that are calculated annually. The minimum debt service coverage ratio was met by the Center at June 30, 2020. The Center did not meet the debt service coverage ratio at June 30, 2020, however, the Center obtained a waiver from the lender.

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%. Monthly payments of \$42,815 are due beginning November 16, 2020 with final payment due April 16, 2022. The loan is intended to cover qualifying expenses which include qualifying payroll and occupancy costs. Under the CARES Act, the Center must submit a Loan Forgiveness Application and meet various criteria as defined in the Paycheck Protection Flexibility Act, which was not available through the date of financial statement issuance, in order for the loan to potentially be forgiven. The outstanding balance of this note at June 30, 2020 was \$760,662.

Interest expense for the year ended June 30, 2020 was \$83,495. Future maturities of the loans payable at June 30, 2020, are as follows:

Year ending June 30,	
2021	\$ 462,794
2022	559,200
2023	1,449,798
2024	7,030
2025	7,418
Thereafter	<u>104,230</u>
	2,590,470
Less current portion	462,794
Less unamortized debt issuance costs	<u>18,258</u>
	\$ <u>2,109,418</u>

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2020

NOTE F – 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, 2020 was \$8,677.

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, 2020, net assets with donor restrictions consist of \$68,819 to be used for the administration building, \$7,595 to be used for the vehicle maintenance facility and \$13,145 to be used for the expansion of the Global Treasurz.

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, 2020, retirement plan expense was \$65,462.

NOTE I – 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 J – 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, 2020, totaled \$546,871. The Center has a payable at June 30, 2020, to the State of Colorado in the amount of \$27,089 recorded in accounts payable and accrued expenses. These transactions are considered to be

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
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NOTE J – RELATED PARTY TRANSACTIONS (CONTINUED)

transactions with a related party by virtue of significant management influence exercised by the State of Colorado through contract provisions.

The Center is affiliated with other nonprofit corporations, ARKVA Housing, AVCC Housing and Prairivew Housing (the Projects). The Center organized and managed the construction of the Projects and continues to manage the facilities. The tenants of the Project are also consumers of the Center and the staff of the Center provide on-site supervision of the residents. Substantially all expenses are paid through the Center. The Projects have entered into management agreements with the Center requiring the Project to pay a management fee equal to \$150 per month. The following are related party transaction as of and for the year ended June 30, 2020 between the Center and the Projects:

	<u>ARKVA Housing</u>	<u>AVCC Housing</u>	<u>Prairieview Housing</u>
Accounts receivable	\$ 3,815	\$ 7,436	\$ 3,239
Management fees	1,800	1,800	1,800

NOTE K – 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.

*Supplementary Information*

Inspiration Field  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
 NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 Year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Transportation:		
FTA 5310 FASTER Capital Grants	20.513	<u>\$ 144,320</u>
Total U.S. Department of Transportation		<u>144,320</u>
U.S. Department of Health and Human Services:		
Pass through from Colorado Department of Health Care Policy and Financing		
Medical Assistance Program	93.778	<u>18,727</u>
Subtotal Colorado Department of Health Care Policy and Financing		<u>18,727</u>
Total U.S. Department of Health and Human Services		<u>18,727</u>
Total Expenditures of Federal Awards		<u>\$ 163,047</u>

The accompanying note is an integral part of this schedule.

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Inspiration Field under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Inspiration Field, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Inspiration Field.

Inspiration Field  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

Inspiration Field has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.