

Consolidated Financial Statements and
Independent Auditor's Report

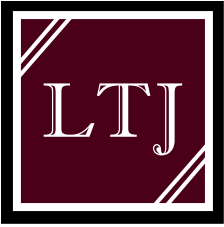
Inspiration Field and Affiliates

June 30, 2016



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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, 2016, 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.

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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, 2016, 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 2015 consolidated financial statements, and our report dated October 1, 2015, 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, 2015, 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
September 27, 2016

Consolidated Financial Statements

Inspiration Field and Affiliates
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2016
(With summarized financial information as of June 30, 2015)

	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,432,686	\$ 1,496,511
Accounts receivable		
Fees and grants from governmental agencies	544,428	491,656
Other	20,142	23,641
Contributions receivable	-	100
Prepaid expenses and deposits	12,515	13,049
Total current assets	2,009,771	2,024,957
Restricted cash in reserve funds	16,819	43,486
Deferred loan issuance costs, net of amortization of \$41,495	58,094	68,052
Land, building and equipment, net	6,536,605	6,543,664
Total assets	\$ 8,621,289	\$ 8,680,159
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 337,673	\$ 417,073
Current portion of loans payable	105,007	96,267
Deferred revenue	276	18,098
Total current liabilities	442,956	531,438
Long-term debt, net of current portion		
Loans payable	2,303,265	2,279,663
Total liabilities	2,746,221	2,811,101
Net assets		
Unrestricted		
Board designation for philanthropy	38,568	45,980
Board designation for vehicle maintenance building	232,570	232,137
Net investment in land, building and equipment	4,186,427	4,235,786
Reserved for HUD regulation compliance	16,819	43,486
Undesignated	1,296,703	1,235,522
Total unrestricted net assets	5,771,087	5,792,911
Temporarily restricted	103,981	76,147
Total net assets	5,875,068	5,869,058
Total liabilities and net assets	\$ 8,621,289	\$ 8,680,159

The accompanying notes are an integral part of this statement.

Inspiration Field and Affiliates
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended June 30, 2016
(With summarized financial information for the year ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Total	
			2016	2015
Revenues and support				
Fees and grants from governmental agencies				
Fees for services				
State of Colorado				
State General Fund	\$ 247,287	\$ -	\$ 247,287	\$ 258,365
Medicaid	5,754,414	-	5,754,414	5,614,680
Grants and other				
Part C	14,913	-	14,913	4,424
Department of Housing and Urban Development	25,942	-	25,942	27,675
Other	1,500	-	1,500	19,756
Total fees and grants from governmental agencies	6,044,056	-	6,044,056	5,924,900
Public support – contributions	1,018	27,834	28,852	38,150
In-kind contributions	23,409	-	23,409	125,366
Residential room and board	502,237	-	502,237	491,821
Other revenue	425,132	-	425,132	480,473
Total revenues and support	6,995,852	27,834	7,023,686	7,060,710
Expenses				
Program services				
Medicaid comprehensive	5,396,802	-	5,396,802	5,156,278
State adult supported living	117,216	-	117,216	143,966
Medicaid adult supported living	381,919	-	381,919	350,257
Children's extensive support	10,121	-	10,121	-
Early intervention	68,853	-	68,853	78,459
Family support	53,300	-	53,300	48,262
Case management	251,549	-	251,549	241,234
Total program services	6,279,760	-	6,279,760	6,018,456
Supporting services				
Management and general	737,916	-	737,916	681,932
Total expenses	7,017,676	-	7,017,676	6,700,388
CHANGE IN NET ASSETS	(21,824)	27,834	6,010	360,322
Net assets, beginning of year	5,792,911	76,147	5,869,058	5,508,736
Net assets, end of year	\$ 5,771,087	\$ 103,981	\$ 5,875,068	\$ 5,869,058

The accompanying notes are an integral part of this statement.

Inspiration Field and Affiliates
CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended June 30, 2016
(With summarized financial information for the year ended June 30, 2015)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ 6,010	\$ 360,322
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	355,304	377,329
Gain on sale of land, building and equipment	(12,746)	(12,642)
Contributions restricted for capital acquisition and construction	(27,834)	-
In-kind contribution of equipment	-	(6,878)
Change in assets and liabilities		
Increase in accounts receivable	(49,273)	(17,862)
Decrease in contributions receivable	100	1,945
Decrease in prepaid expenses and other	534	1,018
Decrease in accounts payable and accrued liabilities	(79,400)	(46,275)
(Decrease) increase in deferred revenue	<u>(17,822)</u>	<u>18,098</u>
Net cash provided by operating activities	174,873	675,055
Cash flows from investing activities		
Purchase of land, building and equipment	(344,483)	(140,188)
Proceeds from sale of land, building and equipment	18,942	12,642
Decrease in restricted reserve funds	<u>26,667</u>	<u>6,715</u>
Net cash used in investing activities	(298,874)	(120,831)
Cash flows from financing activities		
Contributions restricted for capital acquisition and construction	27,834	-
Proceeds from loans payable	162,000	-
Payments on loans payable	<u>(129,658)</u>	<u>(118,222)</u>
Net cash provided by (used in) financing activities	60,176	(118,222)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(63,825)	436,002
Cash and cash equivalents, beginning of year	<u>1,496,511</u>	<u>1,060,509</u>
Cash and cash equivalents, end of year	<u>\$ 1,432,686</u>	<u>\$ 1,496,511</u>
Supplemental data		
Cash paid for interest	\$ 90,314	\$ 89,733
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, 2016

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, 2016

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, 2016

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 September 27, 2016, 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, 2016

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

9. *Accounting for Contributions*

Conditional promises are recognized when the conditions outlined in the agreement have been met. As of June 30, 2016, 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, 2016.

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.

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:

Inspiration Field and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2016

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

11. *Land, Building and Equipment (Continued)*

	<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, 2016. 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, 2013.

14. *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, 2015, from which the summarized information was derived. Certain financial information as of and for the year ended June 30, 2015 has been reclassified to conform with the presentation for the current year.

Inspiration Field and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2016

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

	<u>Residual receipts</u>	<u>Replacement reserve</u>
Beginning balance	\$ 22,911	\$ 20,575
Interest earned	4	16
Deposits	7,380	4,762
Distributions	<u>(25,391)</u>	<u>(13,438)</u>
Ending balance	<u>\$ 4,904</u>	<u>\$ 11,915</u>

NOTE C – LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at June 30, 2016:

Land improvements	\$ 178,549
Buildings and improvements	7,988,230
Administrative and program equipment	472,302
Transportation equipment	<u>922,741</u>
	9,561,822
Less accumulated depreciation and amortization	<u>3,311,302</u>
	6,250,520
Construction in progress	13,068
Land	<u>273,017</u>
	<u>\$ 6,536,605</u>

Depreciation expense for the year ended June 30, 2016 was \$345,346.

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, 2016

NOTE D – LOANS PAYABLE (CONTINUED)

The loan, which had an original balance of \$2,590,000, has a total outstanding balance at June 30, 2016 of \$2,249,110. 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, 2016, net of accumulated amortization, are \$58,094.

In November 2015, the Center entered into a financing agreement with Great Western Bank to purchase an apartment complex. The original loan was for \$162,000 and has an outstanding balance at June 30, 2016 of \$159,162. 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 U.S. 5 year Treasuries Rate, with a floor of 5%. The interest rate at June 30, 2016 was 5.09%.

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, 2016.

Interest expense for the year ended June 30, 2016 was \$90,514. Future maturities of the loans payable at June 30, 2016, are as follows:

Year ending June 30,	
2017	\$ 105,007
2018	109,014
2019	113,174
2020	117,281
2021	121,972
Thereafter	<u>1,841,824</u>
	2,408,272
Less current portion	<u>105,007</u>
	\$ <u>2,303,265</u>

NOTE E – DEFERRED REVENUE

Deferred revenue at June 30, 2016, consists of \$276 of miscellaneous items.

Inspiration Field and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2016

NOTE F – LEASES

The Center leases building space under an operating lease agreement for one of its stores which expired in 2016 and is now on a month-to-month lease.

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, 2016 was \$31,423.

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, 2016, temporarily restricted net assets consist of \$84,660 to be used for the administration building and \$19,321 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, 2016, retirement plan expense was \$42,253.

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.

Inspiration Field and Affiliates
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2016

NOTE I – CONTINGENCIES (CONTINUED)

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 – 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, 2016 totaled \$544,428. The Center has a payable at June 30, 2016, to the State of Colorado in the amount of \$15,142 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, 2016
(With summarized financial information for the year ended June 30, 2015)

	<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	\$ -	\$ -	\$ 123,443
Medicaid	-	5,236,626	-
Grants and other			
Part C	-	-	-
Department of Housing and Urban Development	-	25,942	-
Other	-	1,500	-
Total fees and grants from governmental agencies	-	5,264,068	123,443
Public support - contributions	28,852	-	-
In-kind contributions	-	17,208	-
Residential room and board	-	502,237	-
Other revenue	331,400	93,732	-
Total revenues and support	<u>\$ 360,252</u>	<u>\$ 5,877,245</u>	<u>\$ 123,443</u>
Expenses			
Salaries			
Direct care	\$ -	\$ 2,765,047	\$ 65,483
Other	-	-	-
Payroll taxes	-	346,159	10,371
Employee benefits	-	287,492	7,106
Total personal services	-	3,398,698	82,960
Medical professional services	-	60,859	180
Other professional services	-	458,989	99
Staff development	-	11,900	12
Staff travel	-	6,590	29
Vehicles - fuel and oil	-	38,624	2,429
Vehicles - maintenance	-	34,318	1,918
Occupancy - rent	-	24,674	1,106
Occupancy - maintenance	-	77,161	1,463
Occupancy - utilities	-	201,567	5,047
Equipment - leases	-	356	13
Equipment - maintenance	-	8,792	305
Medical and client care supplies	-	28,325	464
Other supplies	-	194,408	3,776
Telephone	-	20,930	421
Dues and subscriptions	-	25,247	284
Food	-	236,271	4,099
Insurance	-	74,109	3,242
Interest	-	65,542	359
Other	-	142,431	4,122
In-kind contributions	-	17,208	-
Depreciation and amortization	-	269,803	4,888
Total expenses	<u>\$ -</u>	<u>\$ 5,396,802</u>	<u>\$ 117,216</u>

Program Services

Medicaid adult supported living	Children's extensive support	Early interven- tion	Family support	Case manage- ment	Management and general	Total	
						2016	2015
\$ -	\$ -	\$ 26,756	\$ 31,432	\$ 31,594	\$ 34,062	\$ 247,287	\$ 258,365
211,669	9,061	-	-	264,941	32,117	5,754,414	5,614,680
-	-	-	-	4,041	10,872	14,913	4,424
-	-	-	-	-	-	25,942	27,675
-	-	-	-	-	-	1,500	19,756
<u>211,669</u>	<u>9,061</u>	<u>26,756</u>	<u>31,432</u>	<u>300,576</u>	<u>77,051</u>	<u>6,044,056</u>	<u>5,924,900</u>
-	-	-	-	-	-	28,852	38,150
-	-	-	-	-	6,201	23,409	125,366
-	-	-	-	-	-	502,237	491,821
-	-	-	-	-	-	425,132	480,473
<u>\$ 211,669</u>	<u>\$ 9,061</u>	<u>\$ 26,756</u>	<u>\$ 31,432</u>	<u>\$ 300,576</u>	<u>\$ 83,252</u>	<u>\$ 7,023,686</u>	<u>\$ 7,060,710</u>
\$ 208,085	\$ 5,588	\$ 28,328	\$ 7,405	\$ -	\$ -	\$ 3,079,936	\$ 2,726,649
-	-	-	-	148,633	320,333	468,966	602,274
30,883	620	3,239	493	17,743	53,238	462,746	409,200
<u>41,104</u>	<u>29</u>	<u>1,362</u>	<u>213</u>	<u>24,812</u>	<u>89,294</u>	<u>451,412</u>	<u>429,953</u>
280,072	6,237	32,929	8,111	191,188	462,865	4,463,060	4,168,076
1,381	-	-	-	-	-	62,420	106,787
891	-	23,132	-	8,038	27,374	518,523	432,279
309	-	150	-	846	5,101	18,318	16,321
503	-	569	-	930	14,117	22,738	23,459
4,470	-	87	-	529	1,581	47,720	61,234
2,297	-	-	-	68	4,916	43,517	56,588
4,371	-	-	-	130	383	30,664	29,666
3,490	-	110	110	205	5,902	88,441	109,597
15,090	-	2,708	2,708	5,006	9,726	241,852	227,572
38	-	-	-	59	293	759	722
645	-	-	-	-	100	9,842	8,401
131	-	-	-	5	3	28,928	28,560
20,148	-	321	417	19,361	73,065	311,496	289,422
1,601	-	51	51	1,941	5,239	30,234	32,876
651	-	45	45	482	2,251	29,005	27,243
10,790	-	184	355	535	13,488	265,722	209,837
5,784	-	217	217	1,679	10,770	96,018	91,260
359	-	3,278	3,278	6,053	11,645	90,514	89,734
16,215	3,884	266	33,202	3,432	35,640	239,192	194,937
-	-	-	-	-	6,201	23,409	118,488
<u>12,683</u>	<u>-</u>	<u>4,806</u>	<u>4,806</u>	<u>11,062</u>	<u>47,256</u>	<u>355,304</u>	<u>377,329</u>
<u>\$ 381,919</u>	<u>\$ 10,121</u>	<u>\$ 68,853</u>	<u>\$ 53,300</u>	<u>\$ 251,549</u>	<u>\$ 737,916</u>	<u>\$ 7,017,676</u>	<u>\$ 6,700,388</u>

Inspiration Field and Affiliates
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2016

	<u>Inspiration Field</u>	<u>ARKVA Housing</u>	<u>AVCC Housing</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,403,041	\$ 7,799	\$ 9,884
Accounts receivable			
Fees and grants from governmental agencies	544,428	-	-
Other	45,839	-	-
Prepaid expenses and deposits	12,270	-	-
Total current assets	<u>2,005,578</u>	<u>7,799</u>	<u>9,884</u>
Restricted cash in reserve funds	-	4,720	5,752
Deferred loan issuance costs	58,094	-	-
Land, building and equipment, net	<u>5,529,738</u>	<u>182,031</u>	<u>341,547</u>
Total assets	<u>\$ 7,593,410</u>	<u>\$ 194,550</u>	<u>\$ 357,183</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued expenses	\$ 335,244	\$ 5,613	\$ 9,508
Current portion of loans payable	105,007	-	-
Deferred revenue	276	-	-
Total current liabilities	<u>440,527</u>	<u>5,613</u>	<u>9,508</u>
Long-term debt, net of current portion			
Loans payable	<u>2,303,265</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,743,792</u>	<u>5,613</u>	<u>9,508</u>
Net assets			
Unrestricted			
Board designation for philanthropy	38,568	-	-
Board designation for vehicle maintenance building	232,570	-	-
Net investment in land, building and equipment	3,179,560	182,031	341,547
Reserved for HUD regulation compliance	-	4,720	5,752
Undesignated	1,294,939	2,186	376
Temporarily restricted	103,981	-	-
Total net assets	<u>4,849,618</u>	<u>188,937</u>	<u>347,675</u>
Total liabilities and net assets	<u>\$ 7,593,410</u>	<u>\$ 194,550</u>	<u>\$ 357,183</u>

<u>Prairieview Housing</u>	<u>Eliminations</u>	<u>Consolidated</u>
\$ 11,962	\$ -	\$ 1,432,686
-	-	544,428
-	(25,697)	20,142
245	-	12,515
<u>12,207</u>	<u>(25,697)</u>	<u>2,009,771</u>
6,347	-	16,819
-	-	58,094
483,289	-	6,536,605
<u>\$ 501,843</u>	<u>\$ (25,697)</u>	<u>\$ 8,621,289</u>
\$ 13,005	\$ (25,697)	\$ 337,673
-	-	105,007
-	-	276
<u>13,005</u>	<u>(25,697)</u>	<u>442,956</u>
-	-	2,303,265
<u>13,005</u>	<u>(25,697)</u>	<u>2,746,221</u>
-	-	38,568
-	-	232,570
483,289	-	4,186,427
6,347	-	16,819
(798)	-	1,296,703
-	-	103,981
<u>488,838</u>	<u>-</u>	<u>5,875,068</u>
<u>\$ 501,843</u>	<u>\$ (25,697)</u>	<u>\$ 8,621,289</u>

Inspiration Field and Affiliates
CONSOLIDATING STATEMENT OF ACTIVITIES
Year ended June 30, 2016

	<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	\$ 247,287	\$ -	\$ -
Medicaid	5,754,414	-	-
Grants and other			
Part C	14,913	-	-
Department of Housing and Urban Development	-	7,765	7,059
Other	1,500	-	-
Total fees and grants from governmental agencies	<u>6,018,114</u>	<u>7,765</u>	<u>7,059</u>
Public support – contributions	28,852	-	-
In-kind contributions	23,409	-	-
Residential room and board	502,237	12,539	14,421
Other revenue	430,148	5	379
Total revenues and support	<u>7,002,760</u>	<u>20,309</u>	<u>21,859</u>
Expenses			
Program services			
Medicaid comprehensive	5,339,751	31,515	33,046
State adult supported living	117,216	-	-
Medicaid adult supported living	381,919	-	-
Children's extensive support	10,121	-	-
Early intervention	68,853	-	-
Family support	53,300	-	-
Case management	251,549	-	-
Total program services	<u>6,222,709</u>	<u>31,515</u>	<u>33,046</u>
Supporting services			
Management and general	725,311	2,857	2,862
Total expenses	<u>6,948,020</u>	<u>34,372</u>	<u>35,908</u>
CHANGE IN NET ASSETS	54,740	(14,063)	(14,049)
Net assets, beginning of year	<u>4,794,878</u>	<u>203,000</u>	<u>361,724</u>
Net assets, end of year	<u>\$ 4,849,618</u>	<u>\$ 188,937</u>	<u>\$ 347,675</u>

Prairieview Housing	Eliminations	Consolidated
\$ -	\$ -	\$ 247,287
-	-	5,754,414
-	-	14,913
11,118	-	25,942
-	-	1,500
11,118	-	6,044,056
-	-	28,852
-	-	23,409
14,772	(41,732)	502,237
-	(5,400)	425,132
25,890	(47,132)	7,023,686
34,222	(41,732)	5,396,802
-	-	117,216
-	-	381,919
-	-	10,121
-	-	68,853
-	-	53,300
-	-	251,549
34,222	(41,732)	6,279,760
12,286	(5,400)	737,916
46,508	(47,132)	7,017,676
(20,618)	-	6,010
509,456	-	5,869,058
\$ 488,838	\$ -	\$ 5,875,068