

Financial Statements and  
Independent Auditor's Report

**Inspiration Field**

June 30, 2021

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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, 2021, 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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## 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, 2021, 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, 2021, and our report thereon, dated October 25, 2021, 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 22 and 23 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 22 and 23 is fairly stated, in all material respects in relation to the financial statements as a whole.

*Logan, Thomas & Johnson, LLC*

Broomfield, Colorado  
October 25, 2021

## *Financial Statements*

Inspiration Field  
STATEMENT OF FINANCIAL POSITION  
June 30, 2021

ASSETS

Current assets	
Cash and cash equivalents	\$ 1,437,428
Accounts receivable	
Fees and grants from governmental agencies	646,444
Other	47,947
Prepaid expenses and deposits	<u>9,080</u>
Total current assets	2,140,899
Assets restricted to investment in land, buildings, and equipment	89,717
Land, building and equipment, net	<u>5,164,726</u>
Total assets	<u><u>\$ 7,395,342</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued expenses	377,922
Current portion of loans payable	131,157
Deferred revenue	<u>110,729</u>
Total current liabilities	619,808
Long-term debt, net of current portion	
Loans payable	<u>1,393,632</u>
Total liabilities	2,013,440
Net assets	
Without donor restrictions	
Board designation for philanthropy	49,261
Board designation for vehicle maintenance building	50
Board designation for Global Treasurz expansion	51,055
Net investment in land, building and equipment	3,639,937
Undesignated	<u>1,551,882</u>
Total without donor restrictions	5,292,185
With donor restrictions - purpose restrictions	<u>89,717</u>
Total net assets	<u>5,381,902</u>
Total liabilities and net assets	<u><u>\$ 7,395,342</u></u>

The accompanying notes are an integral part of this statement.

Inspiration Field  
STATEMENT OF ACTIVITIES  
Year ended June 30, 2021

	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	\$ 282,043	\$ -	\$ 282,043
Medicaid	5,142,361	-	5,142,361
Grants and other			
Other	57,894	-	57,894
Total fees and grants from governmental agencies	5,482,298	-	5,482,298
Public support – contributions	20,835	6,311	27,146
In-kind contributions	30,628	-	30,628
Residential room and board	434,265	-	434,265
Other revenue	311,323	6	311,329
Net assets released from restrictions			
Satisfaction of purpose restrictions	6,159	(6,159)	-
Total revenues and support	6,285,508	158	6,285,666
Expenses			
Program services			
Medicaid comprehensive	5,084,660	-	5,084,660
State adult supported living	93,576	-	93,576
Medicaid adult supported living	181,783	-	181,783
Children's extensive support	20,756	-	20,756
Early intervention	142,871	-	142,871
Family support	80,094	-	80,094
Case management	269,017	-	269,017
Total program services	5,872,757	-	5,872,757
Supporting services			
Management and general	655,368	-	655,368
Total expenses	6,528,125	-	6,528,125
CHANGE IN NET ASSETS BEFORE OTHER CHANGES	(242,617)	158	(242,459)
Forgiveness of PPP loan and accrued interest	765,881	-	765,881
CHANGE IN NET ASSETS	523,264	158	523,422
Net assets, beginning of year	4,768,921	89,559	4,858,480
Net assets, end of year	\$ 5,292,185	\$ 89,717	\$ 5,381,902

The accompanying notes are an integral part of this statement.

Inspiration Field  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2021

	Program Services			
	Medicaid comprehen- sive	State adult supported living	Medicaid adult supported living	Children's extensive support
Expenses				
Salaries, benefits and taxes	\$ 3,400,444	\$ 68,275	\$ 150,240	\$ 17,622
Professional services	382,325	914	1,202	144
Staff development and travel	13,641	30	3	-
Vehicles	38,752	1,160	1,402	-
Occupancy and equipment	268,743	3,853	4,393	-
Supplies	309,793	3,219	6,504	1
Other	109,722	3,640	5,382	2,989
Food	47,128	1,343	1,466	-
Insurance	109,335	3,846	3,566	-
Interest	53,836	279	279	-
Depreciation	350,941	7,017	7,346	-
Total expenses	<u>\$ 5,084,660</u>	<u>\$ 93,576</u>	<u>\$ 181,783</u>	<u>\$ 20,756</u>

The accompanying notes are an integral part of this statement.



**Program Services**

Early interven- tion	Family support	Case manage- ment	Management and general	Total
\$ 92,735	\$ 11,324	\$ 219,585	\$ 489,610	\$ 4,449,835
34,115	134	1,406	4,598	424,838
403	-	57	5,816	19,950
8	8	122	798	42,250
3,489	3,489	6,598	12,801	303,366
321	259	12,862	68,437	401,396
2,183	55,480	499	27,672	207,567
111	92	497	2,993	53,630
1,497	1,497	4,537	6,135	130,413
2,547	2,547	4,703	14,266	78,457
5,462	5,264	18,151	22,242	416,423
<u>\$ 142,871</u>	<u>\$ 80,094</u>	<u>\$ 269,017</u>	<u>\$ 655,368</u>	<u>\$ 6,528,125</u>

The accompanying notes are an integral part of this statement.

Inspiration Field  
STATEMENT OF CASH FLOWS  
Year ended June 30, 2021

Cash flows from operating activities	
Change in net assets	\$ 523,422
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	426,383
Gain on sale of land, building and equipment	(1,840)
Gain on forgiveness of PPP loan	(760,662)
Contributions restricted for capital acquisition and construction	(6,311)
Change in assets and liabilities	
Increase in accounts receivable	(97,924)
Decrease in contributions receivable	50
Decrease in prepaid expenses and other	12,094
Increase in accounts payable and accrued liabilities	35,924
Increase in deferred revenue	110,729
Net cash provided by operating activities	241,865
Cash flows from investing activities	
Purchase of land, building and equipment	(131,016)
Proceeds from sale of land, building and equipment	1,840
Net cash used in investing activities	(129,176)
Cash flows from financing activities	
Contributions restricted for capital acquisition and construction	6,311
Payments on loans payable	(296,720)
Net cash used in financing activities	(290,409)
NET DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(177,720)
Cash, cash equivalents, and restricted cash at beginning of year	1,704,865
Cash, cash equivalents, and restricted cash at end of year	\$ 1,527,145
Noncash investing and financing activities	
Forgiveness of PPP loan and accrued interest	\$ 765,881
Supplemental data	
Cash paid for interest	\$ 63,278

The accompanying notes are an integral part of this statement.

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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, 2021

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, 2021

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 October 25, 2021, the date on which the financial statements were issued, and the Center did not identify any events or transactions that would have a material impact on the financial statements.

6. *Use of Estimates*

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

7. *Cash and Cash Equivalents*

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. *Revenue Recognition*

Revenue is reported at the amount that reflects the consideration to which the Center expects to be entitled in exchange for providing services. Program revenue consists primarily of funds received from the State of Colorado for Medicaid and other services, miscellaneous smaller grants and awards from federal, state, county and municipal

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

9. *Revenue Recognition (Continued)*

sources. Billings for services are billed after the services are performed. As performance obligations are satisfied, revenue is recognized.

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

10. *Accounting for Contributions*

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

A donor restriction expires when a stipulated time restriction ends, when an unconditional promise with an implied time restriction is collected, or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to restricted support at the time of receipt and as net assets released from restrictions.

11. *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.

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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

12. *Land, Building and Equipment*

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

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

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

13. *In-kind Contributions*

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

14. *Income Taxes*

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, 2021. The Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Center believes it is no longer subject to income tax examinations for the years prior to the year ended June 30, 2018.

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, 2021

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

16. *Recent Accounting Pronouncements*

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

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	\$ 1,437,428
Assets restricted to investment in land, buildings, and equipment (See Note H)	<u>89,717</u>
	<u>\$ 1,527,145</u>

NOTE C – LIQUIDITY AND AVAILABILITY

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



Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE C – LIQUIDITY AND AVAILABILITY (CONTINUED)

Cash and cash equivalents	\$ 1,437,428
Accounts receivable	<u>694,391</u>
	<u>\$ 2,131,819</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, 2021:

Land improvements	\$ 241,278
Buildings and improvements	7,008,339
Administrative and program equipment	588,084
Transportation equipment	<u>1,514,622</u>
	9,352,323
Less accumulated depreciation and amortization	<u>4,496,848</u>
	4,855,475
Land	<u>309,251</u>
	<u>\$ 5,164,726</u>

Depreciation expense for the year ended June 30, 2021 was \$416,423.

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, 2021 of \$1,401,232. 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.

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

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE E – LOANS PAYABLE (CONTINUED)

In November 2015, the Center entered into a financing agreement with a financial institution to purchase an apartment complex. The original loan was for \$162,000 and has an outstanding balance at June 30, 2021 of \$131,856. 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, 2021 was 5%.

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

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

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

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

NOTE F – DEFERRED REVENUE

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

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE G – LEASES

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

NOTE H – NET ASSETS

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

NOTE I – RETIREMENT PLAN

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

NOTE J – 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 K – RELATED PARTY TRANSACTIONS

The Center receives a substantial amount of revenue from the State of Colorado. The amount of receivables the Center has from the State of Colorado as of June 30, 2021, totaled \$646,444. The Center has a payable at June 30, 2021, to the State of Colorado in the amount of \$34,973 recorded in accounts payable and accrued expenses. These transactions are considered to be

Inspiration Field  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

NOTE K – 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 Prairiview 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, 2021 between the Center and the Projects:

	ARKVA <u>Housing</u>	AVCC <u>Housing</u>	Prairievew <u>Housing</u>
Accounts receivable	\$ 6,131	\$ 5,399	\$ 12,998
Management fees	1,800	1,800	1,800

NOTE L – 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  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2021

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>\$ 39,786</u>
Total U.S. Department of Transportation		<u>39,786</u>
U.S. Department of Health and Human Services:		
Passed through from Colorado Department of Health Care Policy and Financing <b>Medicaid Cluster</b>		
Medical Assistance Program	93.778	<u>27,960</u>
Total Medicaid Cluster		<u>27,960</u>
Subtotal Colorado Department of Health Care Policy and Financing		<u>27,960</u>
Total U.S. Department of Health and Human Services		<u>27,960</u>
Total Expenditures of Federal Awards		<u>\$ 67,746</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, 2021. 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  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2021

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.