The past year for all social service and shelter/housing agencies has been incredibly challenging due to the COVID 19 pandemic. For Inspirica, the care of over 400 individuals living in our family and women shelters and our permanent supportive housing has been impacted significantly. However, we endeavored to still operate our business 24/7 while ensuring everyone stayed safe and protected while minimizing the spread of COVID. Of our 100 employees only 40% could work remotely. The remaining 60 employees were essential workers. The toll emotionally and psychologically should not be underestimated but we persevered. So, what has been the impact on Inspirica business? Highlighted below is a brief synopsis of the impacts financially and operationally in FY 2020/2021 and the sustainable improvements for FY 2021/2022.

The financial impact was significant as we geared up to provide health and safety protocols during this pandemic. In the earlier months we secured sufficient PPE for all our staff and clients (over 500 people with frequent distributions) and embarked on deep cleaning of all our facilities. We upgraded our technology to ensure our 12 buildings housing over 400 individuals was capable to access telehealth services, provide the technology for our kids in the shelters to learn remotely, upgrade our internal computers as well as offer laptops, chrome books and cell phones in support of the new norm of delivering program services remotely/virtually. Unfortunately, all our buildings were not up to the 21st century technology standards in providing wireless services, so we had to re-wire and invest in upgrading all our facilities. Since March 2020, in total we incurred additional expenses of $227, 005 and we project these expenses to continue to grow.

As we implemented a "Return to Work "program earlier than most organizations, we fully equipped our offices with safety spaces which included plexiglass barriers in all our offices and hired a medical professional for temperature checks for all incoming staff, guests, and clients. We also had to hire additional staff to provide support as our women housing shelter relocated to local motels as safety and health precautions. For those staff who came to work every day, we provided hazard pay for several weeks. In addition to these costs, we still forged forward with a $1MM capital improvement program for several of our larger buildings which included mechanical, roofing, interior, safety, and energy efficiency upgrades.

As the impact of COVID created a heightened sense of anxiety for our clients, we recognized the need for Program Aides to assist our Case Managers with ensuring all our client's needs were identified early. This had an impact on our budget and client coverage. Additionally, the need to prevent individuals and families from entering the homeless system prompted DOH to focus on prevention services. As a result, Inspirica was chosen to add a new prevention case manager. Still in support of a housing first model and capitalizing on the benefits of Moving On Vouchers (Section 8) for our shelter guests, we needed to add an additional housing coordinator to move as many families as possible and women in our shelters into permanent housing preferably in Stamford despite a highly competitive rental housing market. Other personnel needs were the hiring of a temporary case manager and additional per diems to help manage the women relocated to Super 8 and La Quinta Stamford motels as part of a Statewide effort to minimize the spread of COVID amongst the homeless. We continue to offer after school enrichment activities to our children living in our shelters, however, without a robust volunteer base we needed to add an additional FTE in support of youth center programming.

Lastly as anxiety continued to grow with our homeless families, we saw the need to hire a psychiatrist to work with our families. Although an unexpected expense, it was the best money spent. Dr. Harry has and continuous to make a tremendous difference with the mental wellbeing of our families. In summary, in over a year we have filled four open case manager positions, hired four program aides, added one new permanent case manager and two per diems to ensure we continue to care for our clients, 24/7.

We want to thank the City of Stamford for your past support and for consideration of our current funding request. The funds will be leveraged well. As much as COVID has been challenging, it has enabled us to refine our client coverage and support/case management services. The need for intense mental health care, medical care and addiction prevention/ recovery supports has required us to deepen our community partnerships with other service providers. At our senior citizen complex at 92 Summer, we are launching a multi-facet, health and well-being, financial education, social engagement virtual program starting with each tenant receiving chrome books and training. Safety and security still remain one of our priorities so we will continue to invest in these areas. We are also developing and launching Inspirica Inclusive Leadership Development Program to ensure all staff are well trained in their roles and responsibilities.

Inspirica

from homeless to **home**

January 4, 2021

Mayor David R. Martin
City of Stamford
888 Washington Boulevard
Stamford, CT 06901

Dear Mr. Mayor:

I would like to extend my deepest gratitude to the City of Stamford for its years of generous support of Inspirica. The City's generosity over the years has not only enabled Inspirica to serve thousands across Stamford and across Fairfield County, providing them with essential housing and support services, but has also invested in the future of individuals and families who, without our help, would likely not have been able to break traumatic cycles of homelessness. As a result of the significant progress we've made together to eliminate homelessness from the city, we are seeking continued investment with an increased grant of $250,000 to support one of our city's most vulnerable populations--homeless individuals and families.

The past year has been a whirlwind of significant changes, challenges, and triumphs for Inspirica. We continued to grapple with diminishing support of transitional housing, a lack of affordable housing options due to rising housing costs, and now, most recently, a pandemic. But despite all of these challenges, Inspirica staff have persisted and remained resilient and available to support the people who need us most in our community.

We are encouraged by the outpouring of support of our friends, neighors, and supporters in Stamford who have stepped up in support of the hundreds of men, women, and children we serve experiencing homelessness in Fairfield County. Although we are not yet "back to normal", we are hopeful that the support will continue as we work tirelessly to fulfill our mission of breaking vicious cycles of homelessness.

As a direct result of the generosity of the City of Stamford, in the past year, we were able to move 121 men, women, and children into permanent housing in the community, and make 122 job placements with an average starting wage of $12.96 per hour--above the minimum wage. Even the children in our care made significant strides this year to breaking cycles of homelessness, with 99% of them graduating to the next grade level with an average grade of B-. These results would not have been possible without the support of our great city!

This fiscal year, our goals are bold and ambitious. In order to break cycles of homelessness for individuals and families in Stamford and throughout Fairfield County, we must be nimble in our response to changing needs of those impacted by homelessness. In FY22, our goals to achieve our mission include:

- Serve 600 individuals (including those residing in permanent housing).

Inspirica
from homeless to home

- Achieve 170 job placements, with more than 50% of those placements at $13/hr and higher.
- Place 165 individuals into permanent housing in the community.
- Launch a strategic planning process to chart Inspirica's goals and vision for the next 3-5 years.
- Communications/rebranding to update Inspirica's marketing and communications, and increase promotion and visibility.
- Invest in Inspirica staff by expanding professional development offerings to increase their knowledge and capacity in their roles, thus increasing organizational impact.

Given this increased demand we seek the continued support of the City of Stamford, which has shown through its investments, that it is committed to investing in the future of the city and its residents. We continue to be deeply grateful for your support and your consideration of our proposal.

With warm regards,

Denise Durham Williams

Denise Durham Williams
Chief Executive Officer

Inspirica, Inc. INCLUDING 72 Franklin Street LLC
Income Statement - July 1, 2020 to February 28, 2021 (FY21 YTD)
Operating Fund (Excludes Gain/Loss on Investments)

Unaudited

	YTD 2/28/21 8 Months Actual	YTD 2/28/21 8 Months Budget	YTD 2/28/21 8 Months Variance	YTD 2/29/20 8 Months Prior Year	FY2021 12 Months Budget
Income					
*Contributions Total excl NAA:	1,277,899	1,309,000	(31,101)	994,516	2,000,000
Unrestricted	870,359	1,166,000		626,164	
Restricted incl Covid 19 + Events/Gala	407,540	143,000		368,352	
Government Grants: Total	1,768,076	1,803,096	(35,020)	1,899,042	2,704,645
Dmhas (Dep't of Mental Health)	655,797	660,278	(4,481)	655,943	990,418
Dep't of Housing (Doh)	633,719	633,719	-	633,718	950,578
Housing & Urban Develop (Hud)	201,143	229,432	(28,289)	304,744	344,149
City of Stamford incl Warming Center	170,750	164,333	6,417	173,600	246,500
Hopwa (Housing Opport for People with Aids)	100,000	100,000	-	100,000	150,000
Other (Town of Greenwich, Fema, Etc)	6,667	15,334	(8,667)	31,037	23,000
Tenant Rental Inc <u>excl</u> 72 Franklin St (incl Client Fees)	429,013	435,513	(6,500)	433,734	653,271
Tenant Rental Income 72 Franklin St <u>Only</u> (53 Apts + CLC)	363,521	341,378	22,143	196,084	512,066
Other Income: Reimbursements from Atlantic & Colony	390,686	343,771	46,915	349,098	515,656
Other Income: 992 Summer St, Supp Hsg Works, Int Inc	165,709	161,107	4,602	128,392	241,661
UBS Investment Int/Dividends (excl Gain/Loss)	70,796	27,000	43,796	52,362	40,500
Total Income	**4,465,700**	**4,420,865**	**44,835**	**4,053,228**	**6,667,799**
Expenses					
Compensation	3,382,010	3,424,366	42,356	3,086,214	5,136,552
Outsource Functions:					
Financial	10,247	26,667	16,420	17,490	40,000
Security - Emergency Coverage			-		
Property Mgmt Colony/Atlantic	76,305	80,194	3,889	80,194	120,291
Total Outsource Functions	86,552	106,861	20,309	97,684	160,291
Program Expenses	109,598	162,340	52,742	130,240	243,511
Central Services: Office Supplies, Telephone	63,475	65,249	1,774	58,967	97,875
Contract/Professional: legal, auditing, other	59,828	53,833	(5,995)	53,811	80,750
Contract/Professional: temp agency help	101,759	49,867	(51,892)	90,698	74,800
Contract/Professional: recruiting fees & background checks	11,107	5,467	(5,640)	39,467	8,200
Equipment (incl computers/tablets for remote learning)	149,078	99,632	(49,446)	105,859	149,448
General incl Liability Insurance	175,263	231,670	56,407	181,650	347,507
Occupancy incl Property Insurance	427,578	524,659	97,081	404,067	786,991
Total Expenses Excluding Depr Expense	**4,566,248**	**4,723,944**	**157,696**	**4,248,657**	**7,085,925**
	64%				
<u>*NET SURPLUS/(DEFICIT) FROM OPS BEFORE DEPR*</u>	**(100,548)**	**(303,079)**	**202,531**	**(195,429)**	**(418,126)**
Depreciation Exp incl 72 Franklin St	471,591	564,666	93,075	389,626	847,000
NET SURPLUS/(DEFICIT) FROM OPS <u>AFTER</u> DEPR	**(572,139)**	**(867,745)**	**295,606**	**(585,055)**	**(1,265,126)**

Attachment 5.2

Inspirica, Inc. INCLUDING 72 Franklin Street LLC
Income Statement - July 1, 2020 to February 28, 2021 (FY21 YTD)
Operating Fund (Excludes Gain/Loss on Investments)

Unaudited

	YTD 2/28/21 8 Months **Actual**	YTD 2/28/21 8 Months **Budget**	YTD 2/28/21 8 Months **Variance**	YTD 2/29/20 8 Months **Prior Year**	FY2021 12 Months **Budget**
Extraordinary Items Incl Capital Grants					
Capital Grants Rev - Government (excl 72 Franklin)	95,100		95,100		
Covid 19 Government Grants Revenue	148,260		148,260		
Endowment Transfer Revenue		239,920	(239,920)		359,880
72 Franklin Street incl Gov't Grants Revenue			-	405,000	
Strategic Plan Consulting Expenses	(17,500)		(17,500)		
NAA Revenue (Neighborhood Assistance Act)	147,939		147,939	75,571	
Total Net Surplus/(Deficit)	$ (198,340)	$ (627,825)	$ 429,485	$ (104,484)	$ (905,246)

Attachment 5.2

Inspirica, Inc
Budget Worksheet - FY 2021

	FY 2021
Income	
Contributions and Special Events	2,000,000
Government Contracts	2,704,645
Tenant Rentals	1,165,337
Other	757,317
Service Income	-
Operating Investment Income	40,500
Total Income	**6,667,799**
Expenses	
Compensation	(5,296,843)
Program Expenses	(243,511)
Central Services	(97,875)
Contract/Professional	(163,750)
Equipment + Furniture	(149,448)
General	(347,507)
Occupancy	(786,991)
Depreciation	(847,000)
Total Expenses	**(7,932,925)**
NET SURPLUS/(DEFICIT)	**(905,246)**

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Directors
Inspirica, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Inspirica, Inc. which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Atlantic PSH LLC and Colony PSH LLC, wholly owned subsidiaries, whose financial statements reflect total assets of $6,935,080 and $6,972,742, respectively, as of June 30, 2020 and 2019, and total revenues of $835,522 and $963,835, respectively, for the years ended June 30, 2020 and 2019. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Atlantic PSH LLC and Colony PSH LLC, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PKF O'CONNOR DAVIES, LLP
3001 Summer Street, 5th Floor East, Stamford, CT 06905 I Tel: 203.323.2400 I Fax: 203.967.8733 I www.pkfod.com

Opinion

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Inspirica, Inc. as of June 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2020 on our consideration of Inspirica, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Inspirica, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Inspirica, Inc.'s internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Stamford, Connecticut
January 20, 2021

Inspirica, Inc. and Affiliates

Consolidated Statements of Financial Position

	June 30, 2020	June 30, 2019
ASSETS		
Cash and cash equivalents	$ 3,416,970	$ 2,308,460
Cash held for tenant security deposits	102,971	25,621
Cash held for future capital expenditures	46,028	757,257
Total Cash, Cash Equivalents, and Restricted Cash	3,565,969	3,091,338
Unconditional promises to give	418,101	604,156
Government grants receivable	181,134	264,893
Accounts receivable	92,504	112,065
Prepaid expenses and other current assets	98,052	74,201
Investments	8,744,022	8,497,513
Restricted deposits and funded reserves	2,372,157	2,305,595
Property and equipment, net	21,810,081	21,455,745
	$ 37,282,020	$ 36,405,506
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 694,109	$ 826,449
Refundable government grants	52,893	37,499
Security deposits and agency funds	114,236	34,662
Paycheck Protection Program Loan	758,900	-
Line of credit borrowings, mortgages, and notes payable	6,150,254	6,119,246
Total Liabilities	7,770,392	7,017,856
Net Assets		
Without Donor Restrictions		
Operations	889,397	1,367,807
Board Designated Funds		
RLS Operating Reserve Fund	1,818,896	1,753,463
Capital Reserve Fund	1,093,621	1,054,279
Strategic Plan Fund	731,244	704,938
Total Board Designated Funds	3,643,761	3,512,680
Total Operations and Board Designated Net Assets Without Donor Restrictions	4,533,158	4,880,487
Investment in property and equipment, restricted deposits, and funded reserves, net of related debt and net assets with donor restrictions	17,059,871	11,832,929
Total Net Assets Without Donor Restrictions	21,593,029	16,713,416
With donor restrictions	7,918,599	12,674,234
Total Net Assets	29,511,628	29,387,650
	$ 37,282,020	$ 36,405,506

See Notes to Consolidated Financial Statements

Inspirica, Inc. and Affiliates

Consolidated Statements of Activities

	Year Ended June 30, 2020			Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE						
Contributions	$ 1,694,901	$ 693,937	$ 2,388,838	$ 1,145,822	$ 1,056,760	$ 2,202,582
Government grants	2,871,035	-	2,871,035	3,174,145	-	3,174,145
Client fees and rental income	1,698,471	-	1,698,471	1,379,519	-	1,379,519
Special events, net of direct donor benefits of $7,026 and $44,722	237,765	-	237,765	186,843	-	186,843
In-kind contributions	617	-	617	174	-	174
Other income	204,124	-	204,124	179,404	-	179,404
Net assets released from restrictions	5,565,000	(5,565,000)	-	783,838	(783,838)	-
Total Operating Revenue	12,271,913	(4,871,063)	7,400,850	6,849,745	272,922	7,122,667
EXPENSES						
Program Services						
Permanent supportive/deeply affordable housing	2,376,421	-	2,376,421	1,712,902	-	1,712,902
New Beginnings Program for Persons Facing Homelessness	1,953,022	-	1,953,022	1,881,354	-	1,881,354
Youth services	358,310	-	358,310	311,675	-	311,675
Mental illness programs	946,256	-	946,256	825,885	-	825,885
Bread & Roses Programs for People Living with HIV/AIDS	465,108	-	465,108	430,684	-	430,684
Education & employment	152,195	-	152,195	192,234	-	192,234
Not-for-profit tenant services	551,083	-	551,083	501,779	-	501,779
Holiday gift collection	32,985	-	32,985	30,935	-	30,935
Total Program Services	6,835,380	-	6,835,380	5,887,448	-	5,887,448
Support Services						
Management and general	306,609	-	306,609	344,044	-	344,044
Fundraising	416,039	-	416,039	361,114	-	361,114
Total Expenses	7,558,028	-	7,558,028	6,592,606	-	6,592,606
Excess (Deficit) of Operating Revenue Over Expenses	4,713,885	(4,871,063)	(157,178)	257,139	272,922	530,061
NONOPERATING ACTIVITIES						
Investment return	165,728	115,428	281,156	320,524	357,678	678,202
Change in Net Assets	4,879,613	(4,755,635)	123,978	577,663	630,600	1,208,263
NET ASSETS						
Beginning of year	16,713,416	12,674,234	29,387,650	16,135,753	12,043,634	28,179,387
End of year	$ 21,593,029	$ 7,918,599	$ 29,511,628	$ 16,713,416	$ 12,674,234	$ 29,387,650

See Notes to Consolidated Financial Statements

Inspirica, Inc. and Affiliates

Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services									Supporting Services			
Expenses	Permanent Supportive/ Deeply Affordable Housing	New Beginnings Program for Persons Facing Homelessness	Youth Services	Mental Illness Programs	Bread & Roses Prgrams for People Living with HIV/AIDS	Education & Employment	Not-for-Profit Tenant Services	Holiday Gift Collection	Total Program Services	Management and General	Fund-raising	Direct Donor Benefits	Total
Salaries and wages	$ 1,086,113	$ 1,159,616	$ 205,574	$ 625,737	$ 280,973	$ 92,777	$ 297,695	$ 11,823	$ 3,760,308	$ 102,989	$ 232,882	$ -	$ 4,096,179
Payroll taxes and benefits	205,985	229,353	27,543	118,771	59,874	21,434	60,573	4,853	728,386	1,516	30,350	-	760,252
Total Salary Related Expenses	1,292,098	1,388,969	233,117	744,508	340,847	114,211	358,268	16,676	4,488,694	104,505	263,232	-	4,856,431
Other Expenses													
Client support (including meals, rent subsidies, clothing, and other)	16,829	53,154	13,531	15,120	7,203	10,127	1,035	1	117,000	2	1,641	-	118,643
Event production	-	-	-	-	-	-	-	-	-	-	-	5,917	5,917
Program supplies and activities	2,686	5,016	16,634	2,507	1,901	3,576	97	16	32,433	1	150	-	32,584
Travel, meals and accommodation	1,172	1,049	(73)	3,097	965	2,116	27	-	8,353	118	36	-	8,507
Printing and copying	-	-	-	-	-	-	-	-	-	-	10,531	-	10,531
Office supplies	11,470	4,977	506	2,573	1,127	218	950	249	22,070	1,739	7,125	-	30,934
Postage	1,740	1,312	-	792	383	-	(479)	-	3,748	-	389	-	4,137
Telecommunications	26,457	20,807	2,662	11,479	6,692	1,816	6,350	270	76,533	1,147	3,502	-	81,182
Legal and accounting	18,996	20,499	2,617	11,568	5,275	2,362	5,814	107	67,238	96,670	4,272	-	168,180
Consultants	25,000	22,614	19,262	10,291	5,108	756	6,962	1,890	91,883	32,742	44,655	-	169,280
Marketing and promotion	3,529	274	-	124	14	-	-	180	4,121	-	14,183	-	18,304
Recruiting and staff development	20,497	16,464	2,435	7,960	3,707	2,010	5,444	276	58,793	20,336	3,493	-	82,622
Equipment and vehicle expense	55,535	32,417	3,454	13,809	6,635	1,822	9,363	344	123,379	1,320	18,861	-	143,560
Interest expense	79,963	13,554	-	8,219	3,743	-	2,558	-	108,037	-	4,101	-	112,138
Dues and publications	1,155	1,894	-	877	157	13	16	-	4,112	4,562	1,624	-	10,298
Insurance	37,468	46,008	3,500	21,907	11,251	710	14,657	818	136,319	2,142	10,305	-	148,766
Occupancy	346,305	147,872	30,853	44,972	31,295	6,489	80,242	7,192	695,220	18,807	12,623	-	726,650
Provision for bad debt	44,745	-	-	-	-	-	-	-	44,745	-	-	-	44,745
Other	8,209	7,989	1,238	4,534	2,137	931	1,998	29	27,065	9,556	2,761	1,109	40,491
Total Other Expenses	701,756	395,900	96,619	159,829	87,593	32,946	135,034	11,372	1,621,049	189,142	140,252	7,026	1,957,469
Total Expenses Before Depreciation and Amortization	1,993,854	1,784,869	329,736	904,337	428,440	147,157	493,302	28,048	6,109,743	293,647	403,484	7,026	6,813,900
Depreciation and amortization	382,567	168,153	28,574	41,919	36,668	5,038	57,781	4,937	725,637	12,962	12,555	-	751,154
	2,376,421	1,953,022	358,310	946,256	465,108	152,195	551,083	32,985	6,835,380	306,609	416,039	7,026	7,565,054
Direct donor benefits	-	-	-	-	-	-	-	-	-	-	-	(7,026)	(7,026)
Total Expenses	$ 2,376,421	$ 1,953,022	$ 358,310	$ 946,256	$ 465,108	$ 152,195	$ 551,083	$ 32,985	$ 6,835,380	$ 306,609	$ 416,039	$ -	$ 7,558,028

See Notes to Consolidated Financial Statements

Inspirica, Inc. and Affiliates

Consolidated Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services									Supporting Services			
	Permanent Supportive/ Deeply Affordable Housing	New Beginnings Program for Persons Facing Homelessness	Youth Services	Mental Illness Programs	Bread & Roses Prgrams for People Living with HIV/AIDS	Education & Employment	Not-for-Profit Tenant Services	Holiday Gift Collection	Total Program Services	Management and General	Fund-raising	Direct Donor Benefits	Total
Expenses													
Salaries and wages	$ 815,465	$ 1,090,860	$ 158,598	$ 566,132	$ 257,616	$ 121,752	$ 259,313	$ 9,642	$ 3,279,378	$ 123,827	$ 228,603	$ -	$ 3,631,808
Payroll taxes and benefits	163,921	214,288	18,348	85,140	56,130	15,544	53,001	2,895	609,267	2,760	36,668	-	648,695
Total Salary Related Expenses	979,386	1,305,148	176,946	651,272	313,746	137,296	312,314	12,537	3,888,645	126,587	265,271	-	4,280,503
Other Expenses													
Client support (including meals, rent subsidies, clothing, and other)	10,188	90,996	15,149	12,794	5,306	10,556	-	-	144,989	-	23	-	145,012
Entertainment	-	-	-	-	-	-	-	-	-	-	-	7,520	7,520
Event production	-	-	-	-	-	-	-	-	-	-	-	7,216	7,216
Program supplies and activities	4,543	4,548	18,527	2,872	1,600	15,800	16	1	47,907	3	1	-	47,911
Travel, meals and accommodation	1,280	2,603	393	6,751	1,757	4,452	77	6	17,319	817	38	18,321	36,495
Printing and copying	86	117	13	40	22	5	34	1	318	8	10,004	-	10,330
Office supplies	8,365	7,495	920	2,202	1,929	2,308	1,048	671	24,938	373	4,877	-	30,188
Postage	379	1,991	-	1,194	544	-	-	-	4,108	-	1,483	-	5,591
Telecommunications	17,220	22,776	1,904	9,576	6,430	677	5,576	85	64,244	1,177	2,016	-	67,437
Legal and accounting	18,632	23,154	2,755	8,809	4,777	979	7,596	123	66,825	121,149	2,159	-	190,133
In-kind expense	-	174	-	-	-	-	-	-	174	-	-	-	174
Consultants	4,623	4,269	24,466	1,927	986	4,042	1,414	3,073	44,800	28,712	858	-	74,370
Marketing and promotion	60	177	-	26	9	-	-	-	272	1,165	16,970	-	18,407
Recruiting and staff development	18,513	22,588	3,020	7,521	4,091	940	6,789	304	63,766	14,454	1,950	-	80,170
Equipment and vehicle expense	30,416	26,573	2,973	12,587	10,790	886	9,222	844	94,291	2,026	19,293	-	115,610
Interest expense	76,871	12,845	-	7,789	3,547	-	2,424	-	103,476	-	3,886	-	107,362
Dues and publications	248	261	16	127	362	6	69	1	1,090	2,694	50	-	3,834
Insurance	54,709	34,530	3,107	15,317	8,235	630	11,763	726	129,017	1,901	7,149	-	138,067
Occupancy	256,475	147,792	33,076	40,512	28,303	6,731	84,753	7,725	605,367	20,240	11,223	11,665	648,495
Provision for bad debt	-	-	-	-	-	-	-	-	-	1,787	-	-	1,787
Other	8,137	7,122	727	3,745	1,871	1,984	2,216	45	25,847	8,031	1,081	-	34,959
Total Other Expenses	510,745	410,011	107,046	133,789	80,559	49,996	132,997	13,605	1,438,748	204,537	83,061	44,722	1,771,068
Total Expenses Before Depreciation and Amortization	1,490,131	1,715,159	283,992	785,061	394,305	187,292	445,311	26,142	5,327,393	331,124	348,332	44,722	6,051,571
Depreciation and amortization	222,771	166,195	27,683	40,824	36,379	4,942	56,468	4,793	560,055	12,920	12,782	-	585,757
	1,712,902	1,881,354	311,675	825,885	430,684	192,234	501,779	30,935	5,887,448	344,044	361,114	44,722	6,637,328
Direct donor benefits	-	-	-	-	-	-	-	-	-	-	-	(44,722)	(44,722)
Total Expenses	$ 1,712,902	$ 1,881,354	$ 311,675	$ 825,885	$ 430,684	$ 192,234	$ 501,779	$ 30,935	$ 5,887,448	$ 344,044	$ 361,114	$ -	$ 6,592,606

See Notes to Consolidated Financial Statements

Inspirica, Inc. and Affiliates

Consolidated Statements of Cash Flows

	Year Ended June 30, 2020	Year Ended June 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 123,978	$ 1,208,263
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	751,154	585,757
Unrealized and realized gains	(90,102)	(419,572)
Provision for bad debt	44,745	1,787
Government grants for capital projects	(48,000)	(259,867)
Donations restricted for capital projects	(405,000)	(140,000)
Discounting and amortization of mortgages and notes payable to present value	50,008	47,499
Changes in operating assets and liabilities		
Unconditional promises to give	186,055	(134,319)
Accounts receivable	(25,184)	(72,012)
Prepaid expenses and other current assets	(23,851)	30,491
Government grants receivable	83,759	44,750
Accounts payable and accrued expenses	194,821	(1,662)
Refundable government grants	15,394	(100,964)
Security deposits and agency funds	79,574	1,589
Net Cash from Operating Activities	937,351	791,740
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,727,124)	(842,061)
Sale of investments	2,570,717	686,918
Deposits to reserve for replacement and interest retained	(68,563)	(56,346)
Withdrawals from restricted deposits and funded reserves	2,001	-
Purchases of property and equipment	(1,432,651)	(5,653,422)
Net Cash from Investing Activities	(1,655,620)	(5,864,911)
CASH FLOWS FROM FINANCING ACTIVITIES		
Government grants for capital projects	48,000	259,867
Donations restricted for capital projects	405,000	140,000
Payments on mortgages and notes payable	(19,000)	(620,741)
Proceeds from Paycheck Protection Program Loan	758,900	-
Borrowings from mortgages and notes payable	-	602,160
Net Cash from Financing Activities	1,192,900	381,286
Net Change in Cash, Cash Equivalents, and Restricted Cash	474,631	(4,691,885)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Beginning of year	3,091,338	7,783,223
End of year	$ 3,565,969	$ 3,091,338
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 70,137	$ 68,044
Non-cash Investing and Financing Activities		
Purchases of property and equipment financed with accounts payable	$ -	$ 327,161

See Notes to Consolidated Financial Statements

1. The Organization

The mission of Inspirica, Inc. ("Inspirica") is to break the cycle of homelessness by helping people to achieve - and maintain - housing and stability in their lives. Inspirica services Fairfield County, Connecticut with programs that range geographically from Greenwich to Fairfield, Connecticut and offers hope and direction which help people to lead meaningful and productive lives.

The consolidated financial statements are comprised of Inspirica and Inspirica's wholly-owned single member limited liability companies, Atlantic PSH LLC ("Atlantic"), Colony PSH LLC ("Colony"), 992 Summer Street, LLC ("992 LLC"), and 72 Franklin LLC ("72 LLC") collectively referred to as the "Organization."

Atlantic and Colony own residential apartment buildings consisting of 27 and 29 rental units in Stamford, Connecticut (the "Projects"). The Projects are subject to an extended low-income housing commitment with the Connecticut Housing Finance Authority ("CHFA"). The Projects' units must be rented to qualified occupants pursuant to Section 42 of the Internal Revenue Code for a 15-year period ending in September 2028 and January 2027, respectively.

992 LLC was formed for the purpose of owning a 50% interest in 992 Summer Street Housing Corporation ("992 Corp."). The remaining 50% ownership of 992 Corp. is owned by an unrelated not-for-profit organization. All operations of 992 Corp. are jointly controlled by its shareholders. 992 Corp. is the general partner of 992 Summer Street Development Limited Partnership ("992 LP"). 992 Corp. owns 0.01% of 992 LP. 992 LP was created to build and operate a Low-Income Housing Tax Credit building (the "Development") located at 992 Summer Street, Stamford, Connecticut (the "Property"). The Property is owned by Inspirica and is being leased to 992 LP (see Note10). Inspirica and 992 LLC have no obligation to provide additional capital and have not guaranteed any losses of 992 Corp. and 992 LP beyond their initial investment in 992 Corp. Because Inspirica does not have a majority ownership of 992 Corp. or 992 LP, has no contractual control of 992 Corp. or 992 LP, and has no additional exposure to loss from 992 Corp. and 992 LP, Inspirica accounts for its investment in 992 Corp. on the equity method. During the year ended June 30, 2016, 992 LP began construction of the Development. The Development was completed in April 2017 and operations began. As of June 30, 2020 and 2019 and for the years then ended, 992 Corp. only sustained losses. In accordance with the equity method of accounting, the investment in 992 Corp. is zero on the Organization's consolidated financial statement.

72 LLC is wholly-owned by Inspirica. 72 LLC was developed and owns a 46,000 square foot building located at 72 Franklin Street, Stamford, Connecticut, consisting of 53 deeply affordable apartments for people primarily earning between 25% and 35% of area median income. Construction on the building was started during the year ended June 30, 2018 and was completed in August 2019.

2. Summary of Significant Accounting Policies

Change in Accounting Principle

ASU 2018-08

Effective July 1, 2019, Inspirica adopted Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). The guidance provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as non-exchange transactions. Analysis of various provisions of this standard resulted in no significant changes in the way Inspirica recognizes contributions, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

ASU 2016-18

Effective July 1, 2019, Inspirica adopted ASU 2016-18, *Restricted Cash* ("ASU 2016-18"). The guidance requires cash, cash equivalents, and restricted cash to be combined for Cash Flow reporting purposes. The adoption of ASU 2016-18 has no effect on new income or equity.

Consolidation Policy

The consolidated financial statements have been presented in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). Significant inter-organizational transactions and balances have been eliminated in consolidation.

Basis of Presentation and Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all highly liquid debt instruments with a maturity of three months or less at the time of purchase to be cash equivalents. Restricted cash includes funds that are restricted as to use by the Organization. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported with the consolidated statements of cash flows for the years ended June 30:

	2020	2019
Cash and cash equivalents	$ 3,416,970	$ 2,308,460
Cash held for tenant security deposits	102,971	25,621
Cash held for future capital expenditures	46,028	757,257
Cash, Cash Equivalents, and Restricted Cash	$ 3,565,969	$ 3,091,338

2. Summary of Significant Accounting Polices *(continued)*

Contributions and Unconditional Promises to Give

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Refundable government grants consists of government grants received for which performance requirements or incurrence of allowable qualifying expenses have not yet been met or incurred. Unconditional promises to give that are due beyond one year are discounted to reflect the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any. If contributions are received with donor stipulations that limit their use either through purpose or time restrictions, the Organization records them as contributions with donor restrictions. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

The Organization has considered a number of factors in estimating its allowance for doubtful contributions receivable, including the uncertainty of the current economy, ongoing circumstances surrounding contributors' continuing ability to meet their contribution obligations, and contribution payment history. If any of these factors were to change, it could have a material effect on the need for or amount of the estimated allowance. Uncollected contributions receivable are written off when the Organization has exhausted reasonable efforts. As of June 30, 2020 and 2019, management did not believe an allowance for doubtful contributions receivable was required.

Contributions that the donor requires to be used to acquire long-lived assets (e.g., building improvements, furniture, fixtures and equipment) are reported as net assets with donor restrictions. The Organization reflects the expiration of the donor-imposed restriction when long-lived assets have been placed in service, at which net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization uses the allowance method to account for uncollectible accounts receivable. The Organization provides an allowance for doubtful accounts equal to the estimated uncollectible portion of accounts receivable. Management's estimate is based on historical experience and its evaluation of the current status of amounts receivable. The allowance for doubtful accounts at June 30, 2020 and 2019 is $0.

2. Summary of Significant Accounting Policies *(continued)*

Investments

Investments in marketable securities are stated at fair value in the consolidated statements of financial position. Changes in unrealized gains or losses are included in the consolidated statements of activities.

Fair Value of Financial Instruments

The Organization follows U.S. GAAP guidance on Fair Value Measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Property and Equipment

Property and equipment are recorded at cost or in the case of donated assets at estimated fair value at date of gift. Buildings, leasehold improvements, furniture, fixtures, equipment and vehicles are being depreciated using the straight-line method over the estimated useful lives of the assets which range from 5 to 40 years. The title to certain equipment purchased with government grant funds is held by the grantor. Pursuant to prevailing accounting principles, the Organization has capitalized and depreciated such equipment in its consolidated financial statements.

Impairment or Disposal of Long-lived Assets

U.S. GAAP guidance requires long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of their carrying amount to market value or future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, their carrying amounts are reduced.

Interest Free Notes Payable

Interest free notes payable are discounted to their present values at the time of the loan and each year a portion of the discount is recorded as interest expense and the balance of the loan is correspondingly increased.

2. Summary of Significant Accounting Policies *(continued)*

Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met. This category may also include amounts designated by the Board of Directors.

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may require the assets to be maintained in perpetuity. Contributions restricted by donors are reported as an increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor restricted net assets by the donor or by applicable state law.

Functional Expense Allocation

The Organization allocates its expenses on a functional basis among its program and support services. Expenses that can be specifically identified with a program or support service are allocated directly. Overhead and other indirect expenses that are common to several functions are allocated based on various factors including the number of participants, square footage, number of employees, and direct expenses of program.

In-kind Gifts

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. A substantial number of volunteers have contributed their time to the Organization's programs and supporting services; however, none of these services meet the requirements for financial statement recognition.

2. Summary of Significant Accounting Policies *(continued)*

Income Taxes

Inspirica, Atlantic, Colony, 92 LLC, and 72 LLC are exempt from income taxes as defined in Internal Revenue Code Section 501(c)(3) and, accordingly, the consolidated financial statements do not reflect a provision for income taxes.

Accounting for Uncertainty in Income Taxes

Management recognizes the effects of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure.

Measure of Operations

The statements of activities separately report changes in net assets from operating and non-operating activities. Operating activities consist principally of revenues and expenses related to ongoing activities. Non-operating activities consist of investment return.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the financial statements were available to be issued, which date is January 20, 2021.

3. Unconditional Promises to Give

Unconditional promises to give expected to be collected consist of the following at June 30:

	2020	2019
Receivables due in less than one year	$ 320,062	$ 315,256
Receivables due in one to five years	100,000	300,000
Discount on pledges	(1,961)	(11,100)
	$ 418,101	$ 604,156

The aforementioned promises to give have been included in the following net asset categories at June 30:

	2020	2019
With donor restriction	$ 307,044	$ 482,665
Without donor restriction	111,057	121,491
	$ 418,101	$ 604,156

For unconditional promises to give to be received over a period in excess of 1 year, a discount of 4% was applied.

4. Investments

Investments grouped by the U.S. GAAP fair value hierarchy consist of the following at June 30:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Investments Held in Endowment				
Level 1 Investments				
Equities	$ 1,262,248	$ 1,001,570	$ 1,379,481	$ 1,135,940
Mutual funds - equities	1,659,162	1,441,881	1,742,840	1,340,676
Mutual funds - fixed income	1,943,544	1,945,090	1,601,417	1,630,328
Mutual funds - non-traditional	160,868	179,884	160,682	173,900
Total Level 1 Investments	5,025,822	4,568,425	4,884,420	4,280,844
Assets Outside The Fair Value Hierarchy				
Cash	74,439	74,439	100,413	100,413
Total Investments Held in Endowment	5,100,261	4,642,864	4,984,833	4,381,257
Investments - Board Designated Funds				
Level 1 Investments				
United States Treasury Bill	749,678	749,548	745,238	741,799
Equities	580,543	407,367	497,760	371,055
Mutual funds - equities	841,531	728,064	871,057	713,553
Mutual funds - fixed income	1,438,379	1,426,302	1,367,389	1,383,268
Total Level 1 Investments	3,610,131	3,311,281	3,481,444	3,209,675
Assets Outside The Fair Value Hierarchy				
Cash	33,630	33,630	31,236	31,236
Total Investments - Board Designated Funds	3,643,761	3,344,911	3,512,680	3,240,911
Total Investments	$ 8,744,022	$ 7,987,775	$ 8,497,513	$ 7,622,168

Investment return, including interest on cash and cash equivalents, is as follows for the years ended June 30:

	2020	2019
Interest and dividend income	$ 239,207	$ 305,803
Net realized and unrealized gains	90,102	419,572
Investment Return before Investment Expenses	329,309	725,375
Investment expenses	(48,153)	(47,173)
Total Investment Return	$ 281,156	$ 678,202

5. Property and Equipment

Property and equipment consists of the following at June 30:

	2020	2019
Depreciable Assets		
Buildings and related equipment	$ 22,766,904	$ 16,107,515
Furniture, fixtures and equipment	1,073,520	1,004,118
Leasehold improvements	1,921,149	1,921,149
Vehicles	183,637	181,137
Gross Depreciable Assets	25,945,210	19,213,919
Accumulated depreciation and amortization	(8,916,751)	(8,166,825)
Net Depreciable Assets	17,028,459	11,047,094
Non-depreciable assets		
Construction in progress	-	5,627,029
Land	4,781,622	4,781,622
Property and Equipment, net	$ 21,810,081	$ 21,455,745

6. Restricted Deposits and Funded Reserves

According to certain loan and other regulatory agreements, the Organization is required to maintain escrow deposits and reserves related to the properties owned by Atlantic and Colony. Withdrawals from the reserves must be approved by CHFA. As of June 30, 2020 and 2019, $1,066,448 and $1,031,787 of the escrow deposits and reserves use is restricted to the building owned by Atlantic. As of June 30, 2020 and 2019, $1,305,709 and $1,273,808 of the escrow deposits and reserves use is restricted to the building owned by Colony.

7. Funds Held for Long-Term Investments

The State of Connecticut enacted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CUPMIFA") effective October 1, 2007, the provisions of which apply to endowment funds existing on or established after that date. The Boards of Directors have determined that all of the Organization's net assets with donor restrictions meet the definition of endowment funds under CUPMIFA.

The Organization's endowment consists of multiple donor restricted funds established to provide long-term support for the Organization's programs. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

7. Funds Held for Long-Term Investments *(continued)*

The Board of Directors of Inspirica as of June 30, 2020 and 2019, respectively, have interpreted CUPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the endowment funds with donor restrictions absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions in perpetuity: (a) the original value of gifts donated with donor restrictions to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Inspirica. In accordance with CUPMIFA, Inspirica considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution in the range of 4% to 5½%, while growing the funds if possible. Therefore, the Organization expects its assets, over time, to produce an average rate of return of approximately 4% to 5½% plus inflation annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed with the intention of not exposing the fund to unacceptable levels of risk.

The Organization has a policy of approving for distribution each year a target of between 4% to 5½% of its endowment fund's average fair value for the twelve quarters preceding the quarter in which the distribution is planned. The Organization may deviate from the above 4% to 5½% guideline if it deems such action prudent and justified. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate equal to inflation. This expectation is consistent with the Organization's objective of maintaining the purchasing power of the endowment assets as well as providing additional real growth through new gifts and investment return. Management elected not to withdraw the spending policy distribution from the endowment fund for the years ended June 30, 2020 and 2019.

7. Funds Held for Long-Term Investments *(continued)*

Activity of funds held for long-term investments is as follows for the years ended June 30:

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance, July 1, 2018	$ -	$ 4,627,155	$ 4,627,155
Investment income, net	-	105,090	105,090
Capital appreciation	-	252,588	252,588
Ending Balance, June 30, 2019	-	4,984,833	4,984,833
Investment income, net	-	101,584	101,584
Capital appreciation	-	13,844	13,844
Ending Balance, June 30, 2020	$ -	$ 5,100,261	$ 5,100,261

8. Line of Credit Borrowings, Mortgages, and Notes Payable

The Organization has a revolving line of credit (the "Line") in the amount of $1,250,000 expiring October 17, 2020 with a financial institution (the "Bank"). Interest is payable at the Bank's prime rate. The Line is collateralized by assets of the Organization. At June 30, 2020 and 2019, there was no outstanding balance on the Line. Subsequent to June 30, 2019, the Line was extended through March 10, 2021.

The Organization's mortgage and notes payable totaling $6,150,254 and $6,119,246 on the consolidated statements of financial position as of June 30, 2020 and 2019 are separated into three categories.

8. Line of Credit Borrowings, Mortgages, and Notes Payable *(continued)*

First Category

The first category consists of those mortgages which require cash outflow to satisfy the liabilities. Loans requiring cash outflow to satisfy the liabilities consist of the following as of June 30:

	2020	2019
Mortgage loan in the original amount of $365,715 dated August 11, 2017 from First Republic Bank. The loan bears interest at 2.4% per annum and is payable in equal monthly installments of $1,629 consisting of principal and interest through September 1, 2032. The entire unpaid principal balance of this loan and all unpaid interest thereon is due and payable on September 1, 2032. The loan is secured by a mortgage on 24 Woodland Place, Stamford, Connecticut.	$ 335,476	$ 346,686
Mortgage loan in the original amount of $254,154 dated August 11, 2017 from First Republic Bank. The loan bears interest at 2.4% per annum and is payable in equal monthly installments of $1,132 consisting of principal and interest through September 1, 2032. The entire unpaid principal balance of this loan and all unpaid interest thereon is due and payable on September 1, 2032. The loan is secured by a mortgage on 26 Woodland Place, Stamford, Connecticut.	233,138	240,929
	$ 568,614	$ 587,615

The future scheduled principal payments of these mortgage loans payable are as follows:

Year ending June 30,	Amount
2021	$ 19,506
2022	19,986
2023	20,477
2024	20,948
2025	21,496
Thereafter	466,201
	$ 568,614

8. Line of Credit Borrowings, Mortgages, and Notes Payable *(continued)*

Second Category

The second category consists of those mortgages and notes which will be forgiven provided the Organization complies with various requirements from third-parties, primarily maintain the buildings as supportive housing for low income persons for various periods of time, and require no payment of interest or principal. The third parties consist of CHFA and Stamford Community Development Program ("SCDP"). This second category of loans is secured by the properties to which the loan funds were used to acquire or improve. Non-interest bearing notes are recorded at present value when received. The difference between the note maturity value and carrying value is recorded as net asset with donor restrictions. The restriction is released to net assets without donor restrictions as the note value is accreted to the maturity value using the interest rate method.

Non-interest bearing notes consist of the following as of June 30:

Lender	Maturity Date	Note Maturity Balance	2020 Discounted Balance	2019 Discounted Balance	Deemed Interest Rate
SCDP	December 2021	$ 80,000	$ 72,048	$ 67,191	7.00 %
SCDP	December 2026	155,520	98,800	92,139	7.00
CHFA	January 2027	99,000	99,000	99,000	0.00
SCDP	November 2027	150,000	89,387	83,361	7.00
SCDP	February 2029	50,000	27,306	25,465	7.00
SCDP	February 2029	63,315	33,198	30,960	7.00
SCDP	December 2031	30,350	14,332	13,365	7.00
SCDP	January 2032	40,265	25,398	24,442	4.00
SCDP	February 2032	42,375	26,682	25,637	4.00
SCDP	February 2033	51,750	31,489	30,277	4.00
SCDP	March 2034	43,000	25,768	24,826	3.73
SCDP	April 2034	35,048	21,257	20,503	3.62
SCDP	April 2035	186,000	66,051	61,598	7.00
SCDP	June 2035	34,660	21,915	21,253	3.06
SCDP	June 2035	87,880	55,565	53,892	3.06
SCDP	June 2035	40,000	30,339	29,822	1.72
SCDP	June 2036	30,000	20,000	19,497	2.55
SCDP	April 2037	75,000	47,552	46,282	2.71
SCDP	January 2038	280,000	115,853	111,397	4.00
SCDP	April 2041	69,000	29,731	28,566	4.00
SCDP	March 2042	210,000	168,544	166,868	1.00
SCDP	May 2042	60,000	25,317	24,343	4.00
SCDP	May 2043	135,000	103,644	102,613	1.00
SCDP	May 2044	98,612	43,656	42,199	3.40
SCDP	September 2044	80,000	37,126	35,969	3.17
SCDP	December 2044	54,419	27,764	27,011	2.75
SCDP	July 2054	72,558	23,917	23,155	3.26
		$ 2,353,752	$ 1,381,639	$ 1,331,631	

8. Line of Credit Borrowings, Mortgages, and Notes Payable *(continued)*

Third Category

The third category consists of those mortgages and notes which require no principal or interest payments until maturity, have a stated interest rate, and require that the Organization comply with various requirements from CHFA. This category of loans is secured by the assets of Atlantic and Colony. On June 30, 2014, Atlantic and Colony entered into a mortgage modification agreement with CHFA which modified the mortgages such that no monthly payments of interest would be required and extended the maturity date of the notes. All accrued but unpaid interest is payable on the maturity date. As of June 30, 2020 and 2019, cumulative accrued but unpaid interest of $252,000 and $210,000 was reported in accounts payable and accrued expenses on the consolidated statements of financial position. Notes accruing interest payments until the maturity date consist of the following as of June 30:

Lender	Maturity Date	2020 Note Balance	2019 Note Balance	Interest Rate
CHFA	June 2041	$ 1,812,500	$ 1,812,500	1.00 %
CHFA	June 2041	362,500	362,500	1.00
CHFA	March 2042	337,500	337,500	1.00
CHFA	March 2042	1,687,500	1,687,500	1.00
		$ 4,200,000	$ 4,200,000	

9. Paycheck Protection Program Loan

On April 16, 2020, Inspirica received loan proceeds in the amount of $758,900 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the "Covered Period"). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries above a certain threshold during the Covered Period and does not qualify for certain safe harbors. Although, Inspirica believes this loan will be substantially or fully forgiven, there can be no guarantee that the United States Small Business Administration ("SBA") will approve the loan forgiveness. The unforgiven portion of the PPP Loan, if any, is payable within two years from the date of the PPP loan with a deferral of payments of principal or interest until the amount of loan forgiveness is determined by the SBA. If Inspirica does not apply for forgiveness, payments begin approximately 16 months after the loan date. As of June 30, 2020, the PPP loan is recognized as debt on the statement of financial position. Inspirica will recognize the income from the forgiveness of the PPP loan when it receives the notification of forgiveness from SBA in accordance with Accounting Standards Codification 470 Debt. If the PPP loan is not forgiven, scheduled repayment of all principal and interest would occur during the year ended June 30, 2022.

10. Leases and Rents

992 LP entered into a 98-year land lease with Inspirica for the Property (see Note 1). The annual base rent is $1 per annum. The base rent for the entire term has been prepaid. 992 LP is responsible for all costs associated with the Property during the lease term. 992 LP completed construction of a 48-unit apartment complex on the Property for low income persons 55 years or older. At the end of the lease term, all permanent improvements to the Property shall transfer to Inspirica. 992 LLC entered into a joint venture agreement with Rippowam Corporation, the remaining 50% owner in 992 Corp. The Organization was appointed the service provider to provide support services to the residents of the apartment complex.

On July 18, 1995, the Organization entered into a lease for 8 Woodland Place with the Episcopal Diocese of Connecticut and St. John's Episcopal Church of Stamford, CT (the "Church"). The lease term is ninety-nine years, commencing July 1, 1993 and ending June 30, 2092, with a term rental of $99, which was paid in advance. The Organization has incurred costs of renovations of approximately $2,400,000 which will revert to the Church at the end of the lease. Since the cost of the leasehold improvements exceed the fair rental value of the property over the extended term of the lease agreement, the Organization has not recorded any contribution income in connection with the use of the facility.

The Organization has a lease agreement on Metcalf House. The lease agreement expires on June 30, 2021 unless the Organization exercises an optional renewal for an additional year with a 2% annual increase on base rent. Rent expense incurred under this lease was $49,008 and $37,807 for the years ended June 30, 2020 and 2019. Minimum future annual lease payments during the year ending June 30, 2020 are $49,988.

11. Restrictions and Designations of Net Assets

Designations

The Board of Directors authorized and maintains the Richard L. Schuster ("RLS") operating reserve fund. Through June 30, 2020, the Board has authorized at various times a total of $1,451,770 to the fund. At June 30, 2020 and 2019, the balance was $1,818,896 and $1,753,643, which includes investment income earned on the funds.

The Board authorized and maintains the Capital Reserve Fund. The purpose of the fund is to ensure the maintenance, upkeep and improvement of Inspirica's facilities when such maintenance, upkeep and improvement cannot be procured through other funds. It may also be used towards the purchase of new facilities. Through June 30, 2020, the Board has authorized at various times a total of $900,000 to the fund. As of June 30, 2020 and 2019, the balance was $1,093,621 and $1,054,279, which included investment income earned on the funds.

The Board authorized and maintains the Strategic Plan fund. The purpose of the fund is to implement strategic initiatives that are the result of the ongoing Strategic Planning initiative. Through June 30, 2020, the Board has designated at various times transfers to and from the fund totaling a net of $545,199. As of June 30, 2020 and 2019, the balance was $731,244 and $704,938, which included investment income earned on the funds.

11. Restrictions and Designations of Net Assets *(continued)*

Restrictions

Net assets with donor restrictions, including unconditional promises to give, were available for the following purposes at June 30:

	2020	2019
Subject to a specific purpose		
Children's Community/Scholarships/Youth Services	$ 89,560	$ 208,463
Early Childhood & Parenting	525,528	489,549
Two Generation (Family, Parenting, or Youth Services)	459,809	472,309
Education & Employment	498,946	374,094
Independence Fund - HIV/AIDS	-	69
McKinney - Bread and Roses	7,669	40,595
Housing Stability fund	62,390	97,124
Unappropriated endowment earnings	2,232,808	2,117,380
Voluntary Services	4,952	4,543
NAA Neighborhood Assistance Act Tax Credit Program	46,028	-
72 Franklin Avenue	-	4,787,044
Coronavirus (COVID-19)	44,299	-
Time restricted	107,044	193,490
Present value discount on notes payable (Note 8)	972,113	1,022,121
Total Purpose Restrictions	5,051,146	9,806,781
Held in Perpetuity		
Endowment fund - earnings unrestricted	2,709,341	2,709,341
Endowment fund - earnings restricted to Children's Community scholarships	147,902	147,902
Legacy Bread & Roses	10,210	10,210
Total Held in Perpetuity	2,867,453	2,867,453
Total Net Assets With Donor Restrictions	$ 7,918,599	$ 12,674,234

11. Restrictions and Designations of Net Assets *(continued)*

Restrictions (continued)

Net assets released from restrictions during the years ended June 30, by incurring expenses that satisfy the restricted purpose or by the occurrence of other events specified by donors, were as follows:

	2020	2019
Children's Community/Scholarships/Youth Services	$ 176,940	$ 174,118
Early Childhood & Parenting	137,498	144,787
Two Generation (Family, Parenting, or Youth Services)	100,000	100,000
Scholarships - J.T.D. Rich Fund	-	792
Education & Employment	46,092	70,516
Independence Fund - HIV/AIDS	69	179
McKinney-Bread and Roses	38,720	-
Housing Stability fund	34,734	32,705
Voluntary Services	405	487
NAA Neighborhood Assistance Act Tax Credit Program	-	134,485
72 Franklin Avenue	4,787,044	1,968
Time restricted	193,490	76,303
Present value discount on notes payable (Note 8)	50,008	47,498
	$ 5,565,000	$ 783,838

12. Liens and Promissory Notes

Grantors have placed various liens on or obtained promissory notes collateralized by property owned and leased by the Organization. The liens and notes expire at various dates in the future without payment required if the properties are still providing the services performed when the various grants were obtained. No liabilities have been recognized in the accompanying consolidated financial statements for the following:

Property	Grantor	Original Amount	Expiration-Year Ended June 30,
8 Woodland Place	City of Stamford	$ 481,388	2021, 2023
28 Rose Park Avenue	City of Stamford	210,000	2033
20 Woodland Place	Department of Social Services	63,300	2022

13. Pension Plan

The Organization has a 403(b) voluntary retirement savings plan. No employer contributions were made to the plan, or required, for the years ended June 30, 2020 and 2019.

14. Concentration of Credit Risk and Related Parties

The Organization maintains cash balances at multiple financial institutions. Accounts at each banking institution are insured by the Federal Deposit Insurance Corporation up to $250,000 and accounts at each brokerage institution are insured by the Securities Investor Protection Corporation up to $500,000 ($250,000 for cash). The Organization has not experienced any loss in such accounts. As of June 30, 2020 and 2019, the uninsured balance is approximately $10,974,000 and $10,245,000. The Organization believes it is not exposed to any significant credit risk on its cash and investment balances.

At June 30, 2020 and 2019, approximately 83% and 81% of unconditional promises to give were from two donors. Board members donated approximately $352,000 and $206,000 for the years ended June 30, 2020 and 2019. For the year ended June 30, 2020, one donor accounted for 17% of contributions.

One special event represented approximately 96% and 97% of net special event income for the year ended June 30, 2020 and 2019.

A significant portion of the Organization's support and revenue is from government grants and fees. For the years ended June 30, 2020 and 2019, approximately $1,941,000 and $1,898,000 of government grant income recognized was received directly from the State of Connecticut. For the years ended June 30, 2020 and 2019, the Organization recognized government grant income of approximately $306,000 and $610,000 received directly from the City of Stamford, Connecticut. The Organization also receives directly and indirectly various grants funded by the United States of America. As with all government funding, these grants and fees may be subject to reduction or termination in future years. Any significant reduction in these grants and fees could have a negative impact on the Organization's program services.

The Organization's operations are concentrated in the Fairfield County, Connecticut geographical area. Buildings and land owned by the Organization are concentrated in the City of Stamford, Connecticut.

15. Liquidity and Availability

The following reflects the Organization's available financial assets, reduced by amounts not available for general use within one year. Amounts not available for use within one year include financial assets received with donor restrictions that are designated for a specific purpose, timeline or contractual obligation, and have been earmarked as resources available for future years.

15. Liquidity and Availability *(continued)*

Total financial assets available to meet cash needs for general expenditure within one year at June 30 are as follows:

	2020	2019
Cash, cash equivalents, and restricted cash	$ 3,565,969	$ 3,091,338
Unconditional promises to give	418,101	604,156
Government grants receivable	181,134	264,893
Accounts receivable	92,504	112,065
Investments	8,744,022	8,497,513
Total Financial Assets Available Within One Year	13,001,730	12,569,965
Less Amounts Unavailable for General Expenditures Within One Year Due To:		
Net assets with donor restrictions:		
Cash held for tenant security deposits	102,971	25,621
Cash held for future capital expenditures	46,028	757,257
Unexpended net assets with donor restrictions	5,051,146	5,019,737
Net unconditional promises to give due in over one year	98,039	288,900
Net assets with donor restrictions held in perpetuity	2,867,453	2,867,453
Board designated net assets	3,643,761	3,512,680
	11,809,398	12,471,648
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,192,332	$ 98,317

16. Investments in Property and Equipment, Restricted Deposits, and Funded Reserves, Net of Related Debt and Net Assets With Donor Restrictions

The following table presents the items that comprise investments in property and equipment, restricted deposits, and funded reserves, net of related debt and net assets with donor restrictions as of June 30:

	2020	2019
Property and equipment, net	$ 21,810,081	$ 21,455,745
Restricted deposits and funded reserves	2,372,157	2,305,595
Line of credit borrowings, mortgages, and notes payable	(6,150,254)	(6,119,246)
Net assets with donor restrictions		
72 Franklin Avenue property not placed in service	-	(4,787,044)
Present value discount on notes payable (Note 8)	(972,113)	(1,022,121)
	$ 17,059,871	$ 11,832,929

17. COVID-19

The Organization's operations and financial performance may be affected by the recent coronavirus outbreak, which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, the Organization may experience a disruption in operations as well as a decline in grants, contributions and other revenue streams. The outbreak is likely to adversely affect the Organization's business, financial conditions and results of operations on an interim basis.

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