

**Inperium, Inc.**

Consolidated Financial Statements and  
Supplementary Information

Years Ended June 30, 2020 and 2019  
with Independent Auditor's Report

**MaherDuessel**

A horizontal bar is positioned below the company name. The left portion of the bar is black, and the right portion is blue, matching the color of the 'D' in the company name.

# INPERIUM, INC.

YEARS ENDED JUNE 30, 2020 AND 2019

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## Independent Auditor's Report

### **Board of Directors Inperium, Inc.**

We have audited the accompanying consolidated financial statements of Inperium, Inc. (nonprofit organization) and affiliates, 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 misstatements, whether due to fraud or error.

### **Auditor's 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 Advancing Opportunities, Inc., wholly-owned affiliate, which statements reflect total assets constituting 4.5% of consolidated total assets at June 30, 2020, and total revenues constituting 2.7% (excluding contributions of net assets from affiliates) of consolidated total revenues for the year then ended. Those statements were audited by other auditors, whose report was furnished to us, and our opinion, insofar as it relates to the amount included for Advancing Opportunities, Inc., 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit

also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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 Inperium, Inc. and affiliates 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.

### Change in Accounting Principle

As described in Note 2 to the financial statements, the Organization, Inc. has adopted the Accounting provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *“Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958).”* Our opinion is not modified with respect to this matter.

### Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 52 through 64 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Maher Duessel*

Harrisburg, Pennsylvania  
December 10, 2020

# INPERIUM, INC.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 and 2019

Assets	2020	2019
<b>Current assets:</b>		
Cash and cash equivalents	\$ 28,228,838	\$ 6,911,427
Accounts receivable	13,463,931	15,585,509
Inventory	20,428	18,718
Prepaid expenses	1,082,346	1,196,591
Total current assets	42,795,543	23,712,245
<b>Land, buildings, leasehold improvements, and equipment:</b>		
Land and buildings	55,615,005	45,505,088
Computer equipment	1,131,457	748,355
Furniture and fixtures	1,087,401	789,445
Leasehold improvements	3,048,338	2,444,016
Office equipment	800,038	785,277
Transportation equipment	2,335,371	2,392,915
Construction in process	36,046	278,622
	64,053,656	52,943,718
Less: accumulated depreciation	(8,066,930)	(6,622,292)
Net land, buildings, leasehold improvements, and equipment	55,986,726	46,321,426
<b>Other assets:</b>		
Security deposits	196,526	126,863
Deferred funding of depreciation	-	1,363,882
Loan receivable	22,274	367,117
Goodwill	4,230,265	2,078,744
Investments	1,454,960	1,079,751
Beneficial interests and charitable remainder trust	2,536,552	2,597,494
Total other assets	8,440,577	7,613,851
<b>Total Assets</b>	\$ 107,222,846	\$ 77,647,522
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Revolving line of credit	\$ -	\$ 4,899,351
Accounts payable	4,467,101	3,133,761
Deferred revenue	-	1,811,569
Refundable advance	3,518,034	-
Salaries and wages payable	6,463,408	6,921,484
Payroll taxes and amounts withheld from employees	139,121	123,337
Other current liabilities	3,090,228	-
Current portion of capital lease obligation	34,996	37,642
Due to State of New Jersey	-	83,045
Current portion of long-term debt	1,885,469	1,616,057
Total current liabilities	19,598,357	18,626,246
<b>Long-term liabilities:</b>		
Deferred revenue - long-term	-	2,469,267
Refundable advances - long-term	2,307,987	-
Security deposits payable	-	-
Capital lease obligation	-	32,624
Other long term Liabilities	846,530	121,456
Bond (net of bond issuance costs)	-	2,256,160
Long-term debt (net of financing costs)	32,349,626	15,273,631
Total long-term liabilities	35,504,143	20,153,138
Total Liabilities	55,102,500	38,779,384
<b>Net Assets:</b>		
Without donor restrictions	48,878,626	35,541,995
With donor restrictions	3,241,720	3,326,143
Total net assets	52,120,346	38,868,138
<b>Total Liabilities and Net Assets</b>	\$ 107,222,846	\$ 77,647,522

The accompanying notes are an integral part of these consolidated financial statements.

# INPERIUM, INC.

## CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2020 and 2019

<b>Public Support, Revenues, Gains, and Other Support</b>	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Contract revenue	\$ 118,544,020	\$ -	\$ 118,544,020	\$ 101,241,552	\$ -	\$ 101,241,552
Contributions/grants	8,085,436	(24,516)	8,060,920	9,060,563	216,066	9,276,629
Client fees	4,479,228	-	4,479,228	2,864,897	-	2,864,897
Other program fees	1,737,273	-	1,737,273	1,776,870	-	1,776,870
Other income	1,445,173	(59,907)	1,385,266	1,323,689	(18,125)	1,305,564
Interest income	168,407	-	168,407	162,844	5,881	168,725
COVID Revenue	9,332,278	-	9,332,278			
Inherent contributions of net assets from affiliates	4,630,948	-	4,630,948	7,575,092	-	7,575,092
Sales (net discounts)	2,272,026	-	2,272,026	1,482,401	-	1,482,401
Total public support, revenues, gains, and other support	150,694,789	(84,423)	150,610,366	125,487,908	203,822	125,691,730
<b>Expenses:</b>						
Program	116,921,251	-	116,921,251	100,626,820	-	100,626,820
Management and general	17,660,731	-	17,660,731	14,720,794	-	14,720,794
Fundraising	641,957	-	641,957	496,024	-	496,024
Total expenses	135,223,939	-	135,223,939	115,843,638	-	115,843,638
Change in net assets before non-operating loss	15,470,850	(84,423)	15,386,427	9,644,270	203,822	9,848,092
<b>Non-Operating Loss</b>						
Non-operating losses	(2,134,219)	-	(2,134,219)	(586,755)	-	-
Total non-operating loss	(2,134,219)	-	(2,134,219)	(586,755)	-	(586,755)
Change in net assets after non-operating loss	13,336,631	(84,423)	13,252,208	9,057,515	203,822	9,261,337
<b>Net Assets:</b>						
Beginning of year	35,541,995	3,326,143	38,868,138	26,484,480	3,122,321	29,606,801
End of year	\$ 48,878,626	\$ 3,241,720	\$ 52,120,346	\$ 35,541,995	\$ 3,326,143	\$ 38,868,138

The accompanying notes are an integral part of these consolidated financial statements.

# INPERIUM, INC.

## CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2020 and 2019

	2020				2019			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
<b>Expenses:</b>								
Payroll	\$ 71,544,399	\$ 9,496,801	\$ 190,730	\$ 81,231,930	\$ 63,099,382	\$ 8,386,931	\$ 208,635	\$ 71,694,948
Payroll taxes and employee benefits	15,133,764	1,893,154	31,611	17,058,529	13,006,023	1,510,365	21,842	14,538,230
Total payroll and related expenses	<u>86,678,163</u>	<u>11,389,955</u>	<u>222,341</u>	<u>98,290,459</u>	<u>76,105,405</u>	<u>9,897,296</u>	<u>230,477</u>	<u>86,233,178</u>
Client transportation	2,058,795	166,101	136	2,225,032	2,104,450	221,640	2,299	2,328,389
Communications	1,114,966	412,960	11,239	1,539,165	1,000,783	350,969	23,018	1,374,770
Contract personnel	9,311,408	2,924,163	19,231	12,254,802	7,030,323	2,261,596	22,622	9,314,541
Housekeeping expense	2,285,521	-	-	2,285,521	2,043,903	-	-	2,043,903
Insurance expense	1,381,448	81,898	139	1,463,485	1,134,477	37,745	-	1,172,222
Interest expense	191,334	784,430	139,425	1,115,189	630,988	438,079	-	1,069,067
Maintenance and repairs	2,109,659	164,595	1,069	2,275,323	1,744,908	159,881	1,802	1,906,591
Rent expense	2,893,538	319,452	2,468	3,215,458	2,315,941	279,352	3,114	2,598,407
Supplies and operating expenses	4,954,542	1,259,469	244,934	6,458,945	3,296,252	1,008,435	211,545	4,516,232
Utilities	1,870,577	56,809	914	1,928,300	1,660,653	58,380	1,035	1,720,068
Total expenses before depreciation	<u>114,849,951</u>	<u>17,559,832</u>	<u>641,896</u>	<u>133,051,679</u>	<u>99,068,083</u>	<u>14,713,373</u>	<u>495,912</u>	<u>114,277,368</u>
Depreciation	2,071,300	100,899	61	2,172,260	1,558,737	7,421	112	1,566,270
Total expenses	<u>\$ 116,921,251</u>	<u>\$ 17,660,731</u>	<u>\$ 641,957</u>	<u>\$ 135,223,939</u>	<u>\$ 100,626,820</u>	<u>\$ 14,720,794</u>	<u>\$ 496,024</u>	<u>\$ 115,843,638</u>

The accompanying notes are an integral part of these consolidated financial statements.

# INPERIUM, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2020 and 2019

	2020	2019
<b>Cash Flows From Operating Activities:</b>		
Increase in net assets	\$ 13,252,208	\$ 9,261,337
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	2,172,260	1,566,270
(Gain) loss of sale of assets	33,787	(25,831)
Forgiveness of PPP Loans	(5,314,372)	-
Unrealized loss on interest rate swap agreements	690,244	-
Contribution from affiliation	(4,630,948)	(7,575,092)
Debt forgiveness	-	(206,017)
Write off of deferred financing fees	184,266	-
Change in:		
Accounts receivable	3,993,590	(1,868,702)
Prepaid expenses	508,594	(323,787)
Inventory	(1,710)	1,058
Other assets	1,593,974	10,978
Accounts payable	(85,393)	(1,500,866)
Other current liabilities	(97,303)	966,307
Net cash provided by operating activities	12,299,197	305,655
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of assets	37,140	31,243
Assets acquired through affiliations	(1,592,803)	10,718,935
Purchase of:		
Land and buildings	(1,008,205)	(1,785,781)
Computer equipment	(346,439)	(199,224)
Furniture and fixtures	(120,603)	(189,839)
Leasehold improvements	(286,834)	(34,558)
Office equipment	(14,761)	(93,010)
Transportation equipment	(16,119)	(11,233)
Net cash provided by (used in) investing activities	(3,348,624)	8,436,533
<b>Cash Flows From Financing Activities:</b>		
Net borrowings (repayment) on line of credit	(6,128,351)	1,882,607
Borrowings on long-term debt	30,198,018	1,662,073
PPP loans	8,404,600	-
Unpaid surplus/contract payments	512,943	1,418,964
Repayment of refundable advance	(38,572)	(5,760,922)
Repayment of capital lease debt	(37,462)	(42,238)
Repayment of long-term debt	(20,544,338)	(1,418,091)
Net cash provided by (used in) financing activities	12,366,838	(2,257,607)
<b>Net Increase in Cash and Cash Equivalents</b>	21,317,411	6,484,581
<b>Cash and Cash Equivalents:</b>		
Beginning of year	6,911,427	426,846
End of year	\$ 28,228,838	\$ 6,911,427
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash paid during the year for interest	\$ 957,656	\$ 987,559
<b>The Company affiliated with various companies during fiscal years ending June 30, 2020 and 2019, see Note 14 for details. In conjunction with the acquisitions, liabilities were assumed and a contribution was received as follows:</b>		
Fair value of assets acquired	\$ 13,273,058	\$ 22,157,897
Liabilities assumed	(8,642,110)	(14,582,805)
Contribution received in acquisition	\$ 4,630,948	\$ 7,575,092

The accompanying notes are an integral part of these consolidated financial statements.



# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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### 1. Nature of the Business

These consolidated financial statements for the year ended June 30, 2020 include the accounts and operations of Inperium, Inc. (the Company), which consists of operations from the entities below:

The Company's purpose is to provide management oversight, governance, and support to allow its affiliates to fulfill their respective mission and direction in the field of behavioral health.

**Inperium** Inperium operates as a consolidator, primarily for not-for profit enterprises, in order to enable them to efficiently and effectively leverage financial, technological and human resources in furtherance of their own unique mission.

**Apis Services, Inc.** (APIS) APIS is a supporting organization under section 509(a)(3) of the internal revenue code and provides operational, management, and administrative services to organizations in fulfilling their respective missions.

**Supportive Concepts for Families, Inc.** (SCFFI) SCFFI acts as the parent company for its subsidiaries as well as providing program services for intellectually and developmentally disabled individuals in multiple counties throughout the Commonwealth of Pennsylvania (Commonwealth). SCFFI is incorporated in the Commonwealth as a nonprofit entity.

**Person Directed Clinical Services, LLC dba Person Driven Clinical Solutions (PDCS)** PDCS is a Pennsylvania Limited Liability Company with nonprofit status whose sole member is SCFFI. PDCS is a qualified provider of Behavioral Support Services to individuals with Mental Health / Intellectual Developmental Disabilities.

**Harmonycrest Personal Care Services, LLC (Harmonycrest)** Harmonycrest is a Pennsylvania Limited Liability Company with nonprofit status whose sole member is SCFFI. Harmonycrest offers Personal Care Home services in a well-maintained home located in a quiet, country setting in Berks County. The home is licensed and regulated by the Pennsylvania Department of Human Services, Bureau of Human Services Licensing, under 55 PA. Code Chapter 2600 regulations.

**Fortis Holdings, Inc. (Fortis)** Fortis is a for profit "S" corporation and is wholly owned by SCFFI. Fortis Holdings acts as the holding company for Fortis Housing Services, LLC. Fortis Holdings was incorporated for the primary purpose to create common shares in a for-profit entity to support the Company's newly created Employee Stock Ownership Program (ESOP). See Retirement Plan Note 11.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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**Fortis Housing Services, LLC (Fortis Housing)** Fortis Housing was formed as a Pennsylvania Limited Liability Company and its sole member is Fortis Holdings. Fortis Housing was formed to hold real estate and support potential contributions made to the ESOP.

**Inperium Management Services, LLC (IMS)** IMS, LLC was formed as a Pennsylvania Limited Liability Company and its sole member is Fortis Holdings. IMS, LLC provides back office services to organizations not affiliated under Inperium.

**Sustainable Energy Lighting Solutions, LLC (SELS)** SELS is a “for profit” Pennsylvania Limited Liability Company with SCFFI as its sole member. SELS was formed to evaluate, recommend, and implement energy consumption reduction strategies and to provide electrical service needs.

**S Automotive & Fleet Services, LLC (SAFS)** SAFS is a “for profit” Pennsylvania Limited Liability Company with SCFFI as its sole member. SAFS was formed to create a resource to provide quality auto repair service to the Company’s internal fleet, other companies, and the general public.

**Alternative Consulting Enterprises, LLC (ACE)** ACE was acquired on March 15, 2018 by SCFFI and provides tele-psychiatric outpatient counseling and behavioral health services to members of the community including individuals with mental health and intellectual disabilities.

**Community Prevention Partnership of Berks County, Inc.(CPP)** Effective January 27, 2016, the Company became sole member of CPP. CPP is a Commonwealth nonprofit organization, which serves Berks County and surrounding communities. The mission of CPP is to make a difference by offering a variety of prevention services that help to address problems and risks associated with: alcohol, tobacco and other drug; violence; teen pregnancy; abuse; crime; school dropout; and other related social issues.

**Edison Court, Inc. (ECI)** Effective February 24, 2017, the Company became sole member of ECI. ECI is a Commonwealth nonprofit organization that serves Bucks County and surrounding communities. ECI is a community-based treatment center which provides professional training, academic education, inpatient and outpatient rehabilitative treatment, and supportive psychological services.

**Inperium of New Jersey, Inc. (INJ)** INJ is a New Jersey non-profit corporation of which Inperium, Inc. is the sole member. INJ’s purpose is to support Inperium’s New Jersey affiliates.

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# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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**IRON Services f/k/a New Horizon Treatment Services, Inc. (IRON)** Effective October 1, 2017, INJ became sole member of IRON. IRON's mission is to provide rehabilitation services to persons who are dependent on, addicted to, or abusers of opiate drugs, non-opiate base drugs, and substance materials; and engaging in other related and incidental charitable activities.

**South Jersey Behavioral Health Resources, Inc. (SJBH)** Effective September 1, 2018, INJ became sole corporate member of SJBH. SJBH is a private, nonprofit Agency established in 1984. The Agency provides mental health services to the residents of Camden County.

**Guidance Center of Camden County Development Corp. (GCENT)** Effective September 1, 2018, the Company became an affiliate of INJ. GCENT is a New Jersey non-profit corporation that owns real property and operates two boarding homes for the mentally disadvantaged. The Agency is related to SJBH through common control and management.

**Youth Services Agency, Inc. (YSA)**. Effective September 30, 2017, the Company became sole member of YSA. YSA provides a range of services for at-risk youth in the Juvenile Justice Systems within Pennsylvania and the surrounding mid-Atlantic region.

**Reading Specialists Education Association (RSEA)** Effective October 31, 2017, the Company became sole member of RSEA. RSEA is a Commonwealth nonprofit organization whose mission is to provide dedicated professional experience in the design and implementation of programs that address the needs of children and adolescents who have been both victims and perpetrators of domestic violence and sexual abuse.

**Affinity Forensic Services, LLC (AFS)** Effective October 31, 2017, the Company acquired 100% membership interest of AFS. AFS is a Pennsylvania LLC whose sole member is RSEA. AFS delivers outpatient treatment for victims and perpetrators of sexual abuse to adult and juvenile offenders as well as provides placement for children who are sexual offenders or victims or sexual abuse into foster care rehabilitation.

**Alvarium Healthcare, Inc. (Alvarium)** Effective February 5, 2018, the Company formed Alvarium. Alvarium is a Pennsylvania nonprofit corporation that provides treatment, support, and care for persons with intellectual and developmental disabilities.

**Alvarium Personal Care, LLC. (APC)** Effective May 15, 2019, the Company became the sole member of APC. APC is a Pennsylvania non-profit limited liability corporation that owns and operates a charitable personal care home.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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**The Children's Home of Reading (CHOR) and CHOR Youth & Family Services (CHORYFS)**

Effective November 2, 2017, the Company became the sole member of CHOR. CHOR is the sole member of CHORYFS. CHOR and CHORYFS are private nonprofit organizations. Private contributions and bequests, and earnings on its endowment funds primarily fund CHOR. CHORYFS, an affiliate of CHOR, is primarily funded by fees for services from county children and youth service agencies across the Commonwealth, and a supplement from CHOR which makes up the difference between CHORYFS fee for services and its program expenses. CHORYFS continues to provide a treatment-oriented residential environment for children and teenagers. A variety of programs are provided by CHORYFS including Residential Treatment Facilities, Specialized Foster Care, A Licensed Private Academic School, and various Outpatient Services.

**Wake Enterprises, Inc. (WAKE)** Effective July 1, 2018 the Company became the sole member of Wake. Wake is a private, IRS Section 501(C)(3) not-for-profit organization that was incorporated in North Carolina on August 15, 1979. Wake provides vocational and social development services to adults who are developmentally disabled. Wake operates primarily in Wake County, North Carolina.

**Honeythrive, Inc (HONEY)** On June 18, 2019, the company formed HONEY. HONEY is a Pennsylvania nonprofit corporation that will act in the benefit of organizations which hereafter become affiliated with the Corporation, and perform all operational, management, and administrative services in connection with the management and operation of the supported organizations to assist them with fulfilling their respective missions.

**Anchors-From Carol (ANCHORS)** On July 9, 2019 the Company formed ANCHORS. ANCHORS is a Pennsylvania nonprofit corporation that provides awareness and enrichment to the lives of people and their families in need who are impacted by cancer, illiteracy and learning disabilities.

**Crossroads Programs, Inc. (CROSS)** Effective August 30, 2019, INJ became the sole member of CROSS, a New Jersey nonprofit. CROSS is a social service agency whose mission is to empower homeless, abandoned, abused, or at-risk youth to lead healthy, productive lives through residential, clinical, and foster care programs.

**Advancing Opportunities, Inc. (AO)** Effective February 27, 2020, INJ became the sole member of AO, a New Jersey nonprofit. AO provides advocacy, direct support and education to individuals with all types of disabilities and their families via Residential, assistive technology, and/or Employment Services throughout the State of New Jersey.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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**Ocellus Tech, LLC. (OT)** OT, a Pennsylvania limited liability company was formed April 30, 2020 and the sole member is APIS. OT's purpose is to perform certain information technology support, and related services to support the administration, management, and operation of the supported organizations of the Member and to assist such supported Organizations with fulfilling their respective missions.

**La Colmena Inperium, Inc. (LCI)** LCI, a Texas corporation was formed February 14, 2020 and the sole member is Inperium, Inc. LCI's purpose is to act for the benefit of organizations which hereafter become an affiliate and to perform or cause to be performed all operational, management, and administrative services in connection with the management and operation of the Supported Organizations to assist the Supported Organizations with fulfilling their respective missions.

## 2. Summary of Significant Accounting Policies

### Consolidation Policy

The Consolidated statements for the years ended June 30, 2020 and 2019 include the account of:

Advancing Opportunities, Inc.	Honeythrive, Inc.
Affinity Forensic Services, LLC	Inperium, Inc.
Alternative Consulting Enterprises, LLC	Inperium Management Services, LLC
Alvarium Healthcare, Inc.	Inperium of New Jersey, Inc.
Alvarium Personal Care, LLC	Inperium of New York, Inc.
Anchors-From Carol	Iron Recovery and Wellness Center, Inc.
Apis Service, Inc.	La Colmena Inperium, Inc.
Children's Home of Reading, Inc.	Ocellus Tech, LLC
CHOR Youth and Family Services, Inc.	Person Driven Clinical Solutions, LLC
Community Prevention Partnership, Inc.	Reading Specialist Educational Association, Inc.
Crossroads Programs, Inc.	S. Automotive & Fleet Services, LLC.
Edison Court, Inc.	South Jersey Behavioral Health Resources, Inc.
Fortis Holdings, Inc.	Supportive Concepts for Families, Inc.
Fortis Housing Services, LLC.	Sustainable Energy & Lighting Solutions, LLC
Guidance Center of Camden Cty Development Corp	Wake Enterprises, Inc.
Harmonycrest Personal Care Services, LLC	Youth Services Agency, Inc.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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Advancing Opportunities, Inc., Anchors-From Carol, Crossroads Programs, Inc., Honeythrive Inc., La Colmena Inperium, LCC., and Ocellus Tech, LCC were consolidated as of June 30, 2020. Intercompany transactions and balances have been eliminated in the consolidation.

### Basis of Accounting and Use of Estimates

The Company prepares its consolidated financial statements on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 financial statements and the reported amount of revenue and expense during the reporting period. Accordingly, actual results could differ from those estimates.

The COVID-19 pandemic has created and may continue to create significant uncertainty in macroeconomic conditions, which may cause further business disruptions and adversely impact our results of operations. As a result, certain of our estimates and assumptions require increased judgment and carry a higher degree of variability and volatility. As events continue to develop and additional information becomes available, the Company's financial results could materially differ from those estimates in future periods.

### Cash and Cash Equivalents

At various times during the years, the Company had cash balances in excess of the federally insured limit in a deposit accounts at several banks. Cash consists of on-hand petty cash and amounts in the Company's operating bank accounts. The Company considers all short-term investments with a maturity of three months or less to be cash equivalents.

### Investments

The Company accounts for investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in nets assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### Derivative Financial Instruments

The Company has entered into three interest rate swap agreements, which are considered derivative financial instruments, to manage its interest exposure on its long-term debt. The interest rate swap agreements are reported at fair value on the statements of financial position, and the related changes in fair value are reported in the statements of activities as an unrealized gain (loss) on interest rate swaps.

### Inventory

Inventory is recorded at the lower of cost or net realizable value. Inventory on hand was power conditioning units and other inventory held for resale through its SELS subsidiary and food supplies from CHORYFS.

### Revenue Recognition

The company is a consolidator of primarily not-for profit enterprises. The company recognizes an inherent contribution in its statement of activities equal to the total net assets of an organization at the time of affiliation.

The Company generates revenue from services rendered. The Company recognizes revenue when the following criteria are met: 1) persuasive evidence of an arrangement exists, 2) the performance requirements of contracted services are met, 3) consideration for contracted services to be received is fixed or determinable, and 4) collectability is reasonably assured.

Generally, contracted services rates (fee-for-service) are negotiated with managed care organizations, insurance companies, governmental agencies, and private payers. In addition, the Company receives annual program funding to cover its costs of providing its social service programs.

Government and private grants are recognized based on the terms of the specific grant document. Grant revenue received in advance, if any, of the grant period is recorded as deferred revenue until the period over which the grant is earned has passed and services have been rendered.

### Contributions With or Without Donor Restrictions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence or nature of any donor restrictions.

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# INPERIUM, INC.

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Contributions, including unconditional promises to give, are recorded as revenues in the period the promise is made. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution, and nature of the fund-raising activity.

Contributions and endowment income with donor-imposed restrictions are reported as revenues with donor restrictions and are classified to net assets without donor restrictions when an expense is incurred that satisfies the donor-imposed restriction. Conditional promises to give are not included as support until such times as the conditions are substantially met.

Conditional contributions received by the Company are recorded as refundable advances until the conditions are substantially met. When the conditions are substantially met, the contribution becomes unconditional.

### Accounts Receivable

Accounts receivable are reported at their net realizable value. The Company uses the allowance method for uncollectible receivables. Management determines the allowance for doubtful accounts by regularly evaluating payer receivables and considering the payer's financial condition, the accounts receivable aging, timely billing requirement, current economic conditions, prior years' experience, and analysis of specific promises made. The Company charges off account balances after all means of collection have been exhausted and the potential for recovery is considered remote. At June 30, 2020 and 2019, the allowance for doubtful accounts was \$385,742 and \$1,003,375, respectively.

### Land, Buildings, Leasehold Improvements, and Equipment

Land, buildings, leasehold improvements, and equipment are stated at cost, with a tiered capitalization threshold as follows:

<u>Revenue of affiliates</u>	<u>Threshold</u>
\$ - to \$ 5,000,000	\$ 1,000
\$ 5,000,001 to \$ 15,000,000	\$ 1,500
\$ 15,000,001 to \$ 25,000,000	\$ 2,500
\$ 25,000,001 and greater	\$ 5,000



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Donations of land, buildings, and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and conditions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Company reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Company reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Buildings and equipment are being depreciated over their estimated useful lives and leasehold improvements are being depreciated based on the life of the underlying lease of the property the improvement relates to by the straight-line method as follows:

Buildings	15 - 39 years
Computer equipment	3 - 5 years
Furniture and fixtures	5 - 10 years
Leasehold improvements	5 - 39 years
Office equipment	3 - 7 years
Transportation equipment	3 - 5 years

### Goodwill

The Company amortizes goodwill straight line over a 10 year period but assesses goodwill in accordance with ASU 350 *"Goodwill and Other Intangible Assets,"* and will test impairment during a triggering event. As of June 30, 2020 the Company recorded goodwill amortization of \$236,534, there was no impairment loss recognized for year ended June 30, 2020. At June 30, 2019 an impairment loss related to goodwill amount to \$229,614.

### Non-operating gains (losses)

Major Components of non-operating loss as of June 30, 2020 are as follows:

Deferred depreciation write-off	\$	(1,360,098)
Severance		(586,536)
Unrealized (loss) on investments		(764,766)
Contract settlement		750,000
Other, net		(172,820)
Total	\$	<u>(2,134,220)</u>

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# INPERIUM, INC.

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### Financial Statement Presentation

The Company is required to report information regarding their financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

#### Net Assets Without Donor Restrictions:

Net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Company. These net assets may be used at the discretion of the Company's management and board of directors.

#### Net Assets With Donor Restrictions:

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Company or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

### Donated Materials, Equipment, and Services

Donated materials, equipment, and services have been recorded at their estimated fair value at date of receipt. The Board of Directors donates significant amounts of time to the Company. However, no amounts have been recorded for these services, primarily because they are not specialized services and are not required to be recorded in accordance with generally accepted accounting principles.

### Retained Revenue

In accordance with the Pennsylvania Department of Human Services' Mental Health and Mental Retardation Program Fiscal Regulations PA Code Chapter 4300, the Company is eligible to retain net program excess revenues over allowable expenditures. The allowable retained revenue is dependent upon the specific contract of the counties or Pennsylvania Department of Human Services as well as the types of services funded. For the services provided under PA

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Code Chapter 51, there is no limitation to retention. It is the policy of the Company to apply this retained revenue to expansion, improvement, or enhancement of its services.

### Functional Expense Allocations

The costs of providing program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on the methodology which is most appropriate.

Expenses relating to more than one function are allocated to program and supporting services based on employee time estimates, square footage, staff to client ratios based on maximum capacity, or other appropriate usage factors.

### Tax Status

The Company contains entities with various tax statuses, either being exempt from federal income taxes, Type II supporting entities, taxable nonprofit, or for profit.

These companies incurred no income tax expense for the years ending June 30, 2020 and 2019. In accordance with accounting principles generally accepted in the United States of America, the Company accounts for uncertain tax positions, if any, as required. Using that guidance, management has determined that there are no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. All are subject to examination by the Internal Revenue Service generally for three years after they are filed.

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The tax statuses are as follows:

Company	Internal Revenue Code	Supporting Organization Section 509	Tax Form	Disregarded Entity Under 501(c)(3)
Alvarium Healthcare, Inc.	501(c)(3)		990	
Alvarium Personal Care, LLC	disregarded			AHC
Apis Services, Inc.	501(c)(3)	Type II	990	
Ocellus Tech, LLC	disregarded			APIS
Advancing Opportunities, Inc.	501(c)(3)		990	
Anchors-From Carol	501(c)(3)		990	
Children's Home of Reading, Inc.	501(c)(3)		990	
CHOR Youth and Family Services, Inc.	501(c)(3)		990	
Community Prevention Partnership, Inc.	501(c)(3)		990	
Crossroads Programs, Inc.	501(c)(3)		990	
Edison Court, Inc.	501(c)(3)		990	
Reading Specialist Educational Association, Inc.	501(c)(3)		990	
Affinity Forensic Services, LLC	disregarded			RSEA
Honeythrive, Inc.	501(c)(3)	Type II	990	
Inperium, Inc.	501(c)(3)	Type II	990	
Inperium of New Jersey, Inc.	501(c)(3)	Type II	990	
Iron Recovery and Wellness Center, Inc.	501(c)(3)		990	
South Jersey Behavioral Health Resources, Inc.	501(c)(3)		990	
Guidance Center of Camden Cty Development Corp	501(c)(3)		990	
Wake Enterprises, Inc.	501(c)(3)		990	
Youth Services Agency, Inc.	501(c)(3)		990	
Supportive Concepts for Families, Inc.	501(c)(3)		990	
Alternative Consulting Enterprises, LLC	disregarded			SCFFI
Harmonycrest Personal Care Services, LLC	disregarded			SCFFI
Person Directed Clinical Services, LLC	disregarded			SCFFI
La Colmena Inperium, Inc.	501(c)(3)	Type II	990	
Fortis Holdings, Inc.	Taxable		1120S	
Fortis Housing Services, LLC	disregarded			
Inperium Management Services, LLC	disregarded			
S. Automotive & Fleet Services, LLC	disregarded			
Sustainable Energy & Lighting Solutions, LLC	disregarded			
Inperium of New York, Inc.	Taxable nonprofit corp.		1120	

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### Compensated Absences:

Inperium and its affiliated companies provide Paid-Time Off (PTO) for all eligible employees. The amount of PTO varies between companies and years of service. PTO is awarded each July 1 for use in the current year. Twenty five percent (25%) of the current year PTO can be carried over into the next fiscal year. However, at no time is remaining PTO paid out upon voluntary or involuntary termination.

SJBH employees are entitled to paid vacation, paid sick, and personal days off depending on job classification, length of service and other factors. Vacation days earned are accrued annually as an expense.

WAKE employees accrue PTO up to 160 hours. Upon termination after more than six months of employment, the unused PTO accrued would be paid to the employee.

The amounts recorded for compensated absences were \$600,047 and \$533,316 for the years ending June 30, 2020 and 2019, respectively.

### Unemployment Compensation Tax

For the majority of its employees, the Company uses the reimbursable method for unemployment tax purposes. The Company has engaged a third-party consultant to handle reimbursements and claims and pays a bond fee as security to the Unemployment Compensation Fund for certain tax obligations for the years ended June 30, 2020 and 2019.

### Reclassification

Certain reclassifications have been made to the prior year financial statements in order for them to be in conformity with the current year presentation.

### Adopted Pronouncements

The requirements of the following Financial Accounting Standards Board (FASB) Accounting Standards Updated (ASU) were adopted during the year ended June 30, 2020:

ASU 2018-08, *“Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958).”* The amendments provide guidance for characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between

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# INPERIUM, INC.

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conditional and unconditional contributions. This standard was implemented on a modified prospective basis. Accordingly, there is no effect on net assets.

ASU 2016-18, *“Statement of Cash Flows (Topic 230): Restricted Cash.”* This amendment requires that the statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. There was no effect on the financial statements as a result of the adoption.

ASU 2014-02, *“Intangible Goodwill and Other (Topic 350).”* This amendment provides for amortization of goodwill on a straight-line basis over 10 years. Goodwill should be tested for impairment when a triggering event occurs that indicates that the fair value of an entity (or a reporting unit) may be below carrying amount. This standard was applied prospectively as of the beginning of the reporting period. As a result, net assets were not restated.

### Pending Standards Update

ASU 2014-09, *“Revenue from Contracts with Customers (Topic 606),”* is effective for the Company’s financial statements for year ending June 31, 2021. This amendment provides guidance for revenue recognition related to contracts involving the transfer of promised goods or services to customers and the related disclosures. Management has not yet determined the impact of this amendment on the Company’s financial statements.

ASU 2016-02, *“Leases (Topic 842),”* is effective for the Company’s financial statements for the year ending June 30, 2022. This amendment will require all lessees to recognize assets and liabilities on the statements of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. Management has not yet determined the impact of this amendment on the Company’s financial statements.

ASU 2018-15, *“Customers Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract,”* is effective for the Organization’s financial statements for the year ending June 30, 2022. This amendment will align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing costs incurred to develop or obtain internal-use software. Management has not yet determined the impact of this amendment on the Company’s financial statements.

# INPERIUM, INC.

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ASU 2016-13 and ASU 2019-05, “*Financial Instruments-Credit Losses (Topic 326)*” *Measurement of Credit Losses on Financial Instruments*,” is effective for the financial statements for the year ending June 30, 2024. This amendment requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. This includes loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. Management has not yet determined the impact of this amendment on the Company’s financial statements.

### Subsequent Events

Subsequent events have been evaluated through the Independent Auditor’s Report date, which is the date the consolidated financial statements were available to be issued.

### 3. Investments

The following table represents investments held at June 30:

	2020		2019	
	Cost/Book Value	Fair Value	Cost/Book Value	Fair Value
Cash and equivalents	\$ 315,572	\$ 315,572	\$ 166,389	\$ 166,389
Common stock	581,367	719,020	428,238	644,052
Equity mutual funds	381,098	392,935	213,812	247,114
REITs and commodities	22,908	27,433	11,467	22,196
	<u>\$ 1,300,945</u>	<u>\$ 1,454,960</u>	<u>\$ 819,906</u>	<u>\$ 1,079,751</u>

# INPERIUM, INC.

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Investment return is either with or without donor restrictions as follows at June 30:

	<u>2020</u>	<u>2019</u>
With Donor Restrictions:		
Interest income for educational purposes	\$ 1,555	\$ 1,621
Realized gain on investments	2,917	3,004
Unrealized (loss) on investments	(3,074)	(915)
Without Donor Restrictions:		
Interest and dividend income	17,614	15,608
Realized gain on investments	104,329	52,069
Unrealized (loss) on investments	(114,690)	(11,597)
	<u>\$ 8,651</u>	<u>\$ 59,790</u>

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. The primary effect of fair value measurement on the Company was to expand the required disclosures pertaining to the methods used to determine fair values.

That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under accounting principles generally accepted in the United States of America:

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

*Level 2:* Inputs to the valuation methodology include:

- Quoted prices for similar assets and liabilities in active markets;
- Quoted prices for identical or similar assets and liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.



# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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*Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

### Long-Term Investments

Investment advisors hold the investments of the Company in accordance with the investment policy of the Company. The policy restricts the investments to cash, fixed income, and equity, and options which are publicly traded, with limited funds available for alternative investments. The investments are valued at the quoted market value for shares held at year-end.

### Beneficial Interests in Perpetual Trusts

The Company is the beneficiary of several trusts that are managed by two banks. The banks hold the investments in diversified and balanced portfolios consisting of cash and certificates of deposit, corporate and government debt securities, equity securities and mutual funds, fixed income mutual funds, and limited investment partnerships. These investments are valued by the trust managers based on the quoted market prices for shares held or current bid price of funds held.

The methods described previously may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its reliance on the valuation methods of the banks are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### Interest Rate Swaps

Interest rate swap agreements- Fair value of the interest rate swaps are based on quoted market prices when available, or externally developed valuation models using forward-looking assumptions of interest rates and the resulting effect on the underlying cash flows of the interest rate swaps. Adjustments are not made for nonperformance risk on behalf of either party.

The following tables set forth by level, within the fair value hierarchy, the Company's assets at fair value as of June 30:

	2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 315,572	\$ -	\$ -	\$ 315,572
Equity Securities	719,020	-	-	719,020
Equity Mutual Funds	392,935	-	-	392,935
REITs and Commodities	-	-	27,433	27,433
Beneficial Interests in Perpetual Trusts	-	-	2,536,552	2,536,552
Total	<u>\$ 1,427,527</u>	<u>\$ -</u>	<u>\$ 2,563,985</u>	<u>\$ 3,991,512</u>
Liabilities- reported at fair value Interest rate swap payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 690,244</u>	<u>\$ 690,224</u>

  

	2019			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 166,389	\$ -	\$ -	\$ 166,389
Equity Securities	644,052	-	-	644,052
Equity Mutual Funds	247,114	-	-	247,114
REITs and Commodities	-	-	22,196	22,196
Beneficial Interests in Perpetual Trusts	-	-	2,597,494	2,597,494
Total	<u>\$ 1,057,555</u>	<u>\$ -</u>	<u>\$ 2,619,690</u>	<u>\$ 3,677,245</u>

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The following table sets forth a summary of changes in the fair value of the Company's Level 3 assets for the year ended June 30:

	2020		
	REIT and Commodities	Beneficial interests in perpetual trusts	Interest rate swap payable
Balance, Beginning of Year	\$ 22,196	\$ 2,597,494	\$ -
Change in value	5,237	(60,942)	690,224
	<u>\$ 27,433</u>	<u>\$ 2,536,552</u>	<u>\$ 690,224</u>
	2019		
	REIT and Commodities	Beneficial interests in perpetual trusts	
Balance, Beginning of Year	\$ 20,797	\$ 2,609,776	
Change in value	1,399	(12,282)	
	<u>\$ 22,196</u>	<u>\$ 2,597,494</u>	

#### 4. Beneficial Interest in Perpetual Trusts

CHOR is a beneficiary under several trusts administered by two banks. CHOR recorded its proportionate share of the fair value of the principal of the trusts when received. Total value recorded at June 30, 2020 and 2019 was \$2,536,552, and \$2,597,494, respectively. Annual distributions from the trusts have been recorded as beneficial trust income in net assets without donor restriction and were \$122,904 and \$97,961 in 2020 and 2019 respectively. CHOR is named beneficiary of an irrevocable charitable remainder trust. Based on the beneficiary's life expectancy and a five percent payout rate, the present value of the future benefit expected to be received by CHOR is estimated to be \$17,987 and \$19,025 as of June 30, 2020 and 2019, respectively. The amount of this charitable remainder trust is included in the total value above.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 5. Self-Insured Medical

Effective July 1, 2017, the Company has a self-insured medical plan for the benefit of its employees. The health insurance risks are mitigated by aggregate and individual stop loss insurance policies purchased by the Company. The policies limit the Company's loss to \$200,000 and \$150,000 per individual employee for the years ending June 30, 2020 and 2019, respectively. Health insurance claims are administered by a third-party administrator. The Company's expense under the self-insured plan was approximately \$6,153,764 and \$5,594,088 for the year ended June 30, 2020 and 2019, respectively. Management estimates any liability for health insurance claims that have been incurred (including both claims reported, as well as those that have been incurred but not yet reported). As of June 30, 2020, and 2019, the Company had accrued \$856,511 and \$-0-, respectively, for unpaid claims incurred but not yet received as of year-end. A receivable due to paid claims in excess of aggregate stop loss of \$511,829 was accrued at June 30, 2019, there was not a receivable for the year ended June 30, 2020.

### 6. Revolving Line of Credit

IMS has a commitment from a bank for a revolving line of credit of \$10,000,000 (capped at 80% of qualified accounts receivable) for the year ended June 30, 2019. This commitment is secured by substantially all assets of the Company. Monthly interest payments are required at the One Month LIBOR Rate plus 175 and 250 basis points (1.91 % and 4.8125% for the years ended June 30, 2020 and 2019, respectively). Principal is due on demand at the lender's sole and absolute discretion.

	<u>2020</u>	<u>2019</u>
	\$ -	\$ 4,899,351
	<u>\$ -</u>	<u>\$ 4,899,351</u>

# INPERIUM, INC.

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### 7. Long-Term Debt

The Company's obligation under notes payable consists of the following:

	<u>2020</u>	<u>2019</u>
SCFFI, through loan modification, combined its equipment, leasehold improvement, and mortgage revolving lines into one capital expenditure revolving line of credit of \$1,500,000 which all affiliates of the company can access. Real estate advances at terms not to exceed five (5) years with repayment terms based on a twenty (20) year amortization at an interest rate of a fixed five (5) year amortization at the bank's five (5) year cost of funds interest rate plus 250 basis points. Vehicle and equipment purchase advances are termed out at a five (5) year amortization at an interest rate of a fixed five (5) year amortization at the bank's five (5) year costs of funds interest rate plus 225 basis points. A variable interest rate option is also available at the time of advance equal to the thirty (30) day London Inter-Bank Offering Rate (LIBOR) plus 250 basis points. The loan was refinanced and satisfied April 17, 2020.	\$ -	\$ 504,808
SCFFI has various notes payable to a bank that include interest on September 2019 and May 2021. These notes are secured by the vehicles.	85,536	49,284
SCFFI has a note payable to a private lender in monthly installments of \$1,093, including interest at 5.25%. This note is secured by the building and land and matures in August 2027. The loan was refinanced and satisfied on April 17, 2020.	-	100,600
Fortis Housing has a note payable to a bank in monthly installments of \$7,335, including interest at 4.35%. This interest rate will be fixed for even years and will either convert to fluctuating rates at the Wall Street Journal Prime Rate plus 50 basis points with a floor of 3.75% or will be renegotiated with another fixed rate to be determined. The note is collateralized by a first mortgage lien on the real estate and all improvements. The note matures in May 2033. The loan was refinanced and satisfied on April 17, 2020.	-	914,036

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	<u>2020</u>	<u>2019</u>
Alvarium has a note payable to a bank in monthly installments of \$1,133, including interest at 5.14%. This note is secured by the building and land and matures in May 2024. The loan was refinanced and satisfied April 17, 2020.	-	270,867
APC has a note payable to a bank in monthly installments of \$2,000, including interest at 5.10%. This note is secured by the building and land and matures in May 2024. The loan was refinanced and satisfied April 17, 2020.	-	118,000
Fortis Housing has a note payable to a bank in monthly installments of \$2,227, including interest at 5.25%. The note is secured by the building and land and matures in April 2023. The loan was refinanced and satisfied April 17, 2020.	-	92,482
Fortis Housing has a note payable to a bank in monthly installments of \$2,600, including interest at 5.65%. The note is secured by the building and land and matures in July 2023. The loan was refinanced and satisfied April 17, 2020.	-	607,181
Fortis Housing has a note payable to a bank in monthly installments of \$583, including interest at 5.00%. The note is secured by the building and land and matures in October 2023. The loan was refinanced and satisfied April 17, 2020.	-	137,443
Fortis Housing has a note payable to a bank in monthly installments of \$1,717, including interest at 5.42%. The note is secured by the building and land and matures in February 2024. The loan was refinanced and satisfied April 17, 2020.	-	403,145
Fortis Housing has a note payable to a bank in monthly installments of \$383, including interest at 5.14%. The note is secured by the building and land and matures in May 2024. The loan was refinanced and satisfied April 17, 2020.	-	91,617
Fortis Housing has a note payable to a bank in monthly installments of \$10,083, including interest at 5.10%. The note is secured by the building and land and matures in May 2024. The loan was refinanced and satisfied April 17, 2020.	-	594,917

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# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
<p>SCFFI has a note payable to a private lender in monthly installments of \$859, including interest at 5.0%. This note is secured by the land and building and matures in August 2046. The loan was refinanced and satisfied April 17, 2020.</p>	-	152,994
<p>SCFFI has a note payable to a bank in monthly installments of \$11,004 through 2042, including interest at 4.50%. This rate represents the bank's LIBOR rate plus 225 basis points, but a fixed rate can be renegotiated in the future. The facility is collateralized with a first lien title insured mortgage against any purchased real estate covered by this facility and an assignment of rents and leases. The note is guaranteed by SCFFI and installments of \$11,004, including interest. The loan was refinanced and satisfied April 17, 2020.</p>	-	1,855,078
<p>Fortis has a note payable to a bank in monthly installments of \$5,911. This interest rate will be fixed at 4.125% for five years and will either convert to a floating annual rate equal to the Wall Street Journal Prime Rate plus 0.50% with a floor of 3.75% or elect a new fixed rate to be determined. This note is collateralized by a first lien mortgage on the premises, the Suretyships of all related companies, as well as a first lien security interest on the business assets of the Maker and Sureties. This note matures in February 2036. The loan was refinanced and satisfied April 17, 2020.</p>	-	850,042
<p>SCFFI has a note payable to a bank in monthly installments of \$11,313, including interest at 4.80%. This note is secured by ACE suretyship and the ACE security agreement. This note matures in April 2023. The loan was refinanced and satisfied April 17, 2020.</p>	-	473,818
<p>Fortis Housing has a note payable to a bank in monthly installments of \$5,523, including interest at 4.87%. The note is secured by the building and land and matures in November 2022. The loan was refinanced and satisfied April 17, 2020.</p>	-	213,101
<p>Inperium has a note payable to a bank in monthly installments of \$28,594, including interest at 4.66%. The note is secured by a second lien mortgage of the premises, assignment of the leases, and the suretyships. The note matures in November 2021. The loan was refinanced and satisfied April 17, 2020.</p>	-	783,229

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# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
<p>SCFFI has a note payable to a bank in monthly installments of \$10,842 including interest rate at 4.75%. The note is collateralized by a first mortgage lien on the real estate covered by this note. This note matures in May 2042. The loan was refinanced and satisfied April 17, 2020.</p>	-	1,997,708
<p>Fortis Housing has a note payable to the bank in 240 monthly installments of \$5,820. This interest rate will be fixed at 4.50% for five years and will either convert to a floating annual rate equal to the Wall Street Journal Prime Rate plus 0.50% with a floor of 3.75% or elect a new fixed rate to be determined. This note is collateralized by a first mortgage on the Walnut commercial property, a second lien collateral mortgage on the Penn Street premises, the Suretyships of all related companies, as well as a first lien security interest on the business assets of the Maker and the Sureties. This note matures in August 2035. The loan was refinanced and satisfied April 17, 2020.</p>	-	803,627
<p>ECI has a note payable to a bank in monthly installments of \$1,653, including interest at 5.0%. The note is collateralized by a first mortgage lien on the real estate of ECI covered by this note. This note matures in May 2047. The loan was refinanced and satisfied April 17, 2020.</p>	-	298,270
<p>CHOR has a mortgage payable to a bank in monthly installments of \$14,510, including variable interest equal to Prime Rate plus 0.50% with a floor of 4.50% through maturity (6.00% as of June 30, 2019). The note is due in September 2021 and is secured by all property, equipment, investments, and receivables for CHOR and CHOR YFS. The loan was refinanced and satisfied April 17, 2020.</p>	-	1,614,532

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# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
<p>CHOR has a note payable to a bank in monthly installments of \$3,751, including variable interest rate equal to Prime Rate plus .50% with a floor of 4.50% through maturity (6.00% as of June 30, 2019). The note is due September 2023 and is secured by all assets of CHOR and CHORYFS. The loan was refinanced and satisfied April 17, 2020.</p>	-	495,500
<p>IRON has a mortgage note in the amount of \$1,000,000. The note was the result of refinancing in 2009 to consolidate the outstanding mortgages of various properties of IRON. Monthly payments including interest at 5.75% are \$5,894. The note is secured by the related properties. The note is amortized over twenty-five years through 2034, at which time the rate will be adjusted to a variable rate of the Federal Home Loan Bank rate in effect at the reset rate plus 2.75%. Furthermore, the State of New Jersey Department of Human Services advanced funding to IRON for acquisition of the property at 132 Perry Street, Trenton, NJ, and has a financial interest in the property. The loan was refinanced and satisfied April 17, 2020.</p>	-	577,327
<p>YSA has various vehicle loans. Loans with Ford Credit are payable in monthly installments between 48 to 60 months, including varying interest rates from 7.89 to 8.49%. A single loan with Ally Bank, maturing in May 2020, is payable in monthly installments over 48 months at 7.85 interest.</p>	33,786	74,257
<p>Inperium has a note payable to private lenders in annual installments of \$181,022 plus interest at 3%. This note is secured by a second-lien open-ended mortgage on property located at 120 Prospect Street. The loan matures October 2020. The loan was refinanced and satisfied April 17, 2020.</p>	-	362,044

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# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
SCFFI has a note payable to a private lender in annual installments of \$100,000. There is no interest being charged and the note is unsecured. The loan matures May 2023.	500,000	500,000
SJBH mortgages payable consist of obligations under the terms of the New Jersey Department of Human Services Division of Mental Health Capital Funding Agreements. The agreement provides for non-interest bearing demand notes secured by first mortgages on properties. Amounts are due when properties cease to be used for its intended purpose or at varying times ranging from March 2023 to July 2037.	1,680,654	1,680,654
GCENT mortgages principal payable to the Department of Housing and Urban Development, due monthly at \$3,755, including interest at 9.250%, collateralized by the real property. The loan matures in 2025.	152,784	179,869
Inperium has a note payable to a lender in monthly installments of principal and interest of \$2,544. This note is secured by certain equipment and matures in December 2024.	-	114,495
Crossroads has a note payable to a lender in monthly installments of principal and interest of \$201. this note is secured by the equipment and matures in August 2021.	2,720	-

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# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
<p>Crossroads received two purchase money mortgages with New Jersey Department of Human Services for two grants/loans totaling \$100,000 to purchase two homes used for Rites of Passage transitional Housing programs. Additional funding of \$16,396 was granted for improvements to each home. The outstanding balance is not to be amortized, nor is there a monthly payment against the principal balance due. The outstanding balance is due and payable only upon the sale of the properties or upon the cessation of the use of the properties as transitional housing facilities.</p>	116,396	-
<p>AO has ten mortgages through New Jersey Housing and Mortgage Finance Agency; due between November 2042 and May 2052; without interest and collateralized by the respective parcels of real estate; no monthly principal payments are required under the mortgages and the properties are subject to deed restrictions and other terms described in the mortgage security agreements.</p>	2,184,619	-
<p>AO has a mortgage payable to a bank in monthly installments of \$738, including interest at 5.50%. The note is due in October 2023 and is secured by the real estate.</p>	101,526	-
<p>AO has various vehicle loans payable in monthly installments totaling \$5,852, including interest ranging from 0.90% - 5.99% through July 2024. The loans are collateralized by the vehicles.</p>	178,185	-

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# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
<p>The Company entered into a master trust indenture (MTI) with a bank where all companies except for WAKE are co-borrowers and have notes payable with a bank. The MTI was set up in three different loan facilities and each facility entered into an Interest Rate Swap agreement. The three facilities are as follow:</p>		
<p>On April 17, 2020, the Company has a note payable with a bank with varying monthly installments outlined in a note amortization table. The Company entered into a 7 year swap with an interest rate locked at 2.14%. Interest is charged and accrued at a fluctuating rate of interest equal to the sum obtained by adding LIBOR plus 1.35% which is adjusted on the first day of each interest period. Repayment of this loan is made in monthly payments of principal in accordance with the amortization schedule provided in the loan document plus accrued interest on the outstanding principal balance of the first term loan at the adjusted LIBOR rate. The agreement matures and a balloon payment is to be made on April 15, 2027. The note is collateralized by various real estate owned by the various members of the obligated group.</p>	23,191,000	-

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# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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	<u>2020</u>	<u>2019</u>
<p>On April 17, 2020, the Company has a note payable with a bank with varying monthly installments outlined in a note amortization table. The Company entered into a 7 year swap with an interest rate locked at 2.14%. Interest is charged and accrued at a fluctuating rate of interest equal to the sum obtained by adding LIBOR plus 1.35% which is adjusted on the first day of each interest period. Repayment of this loan is made in monthly payments of principal in accordance with the amortization schedule provided in the loan document plus accrued interest on the outstanding principal balance of the first term loan at the adjusted LIBOR rate. The agreement matures and a balloon payment is to be made on April 15, 2027. The note is collateralized by various real estate owned by the various members of the obligated group.</p>	1,775,000	-
<p>On April 17, 2020, the Company has a note payable with a bank with varying monthly installments outlined in a note amortization table. The Company entered into a 7 year swap with an interest rate locked at 1.91%. Interest is charged and accrued at a fluctuating rate of interest equal to the sum obtained by adding LIBOR plus 1.35% which is adjusted on the first day of each interest period. Repayment of this loan is made in monthly payments of principal in accordance with the amortization schedule provided in the loan document plus accrued interest on the outstanding principal balance of the first term loan at the adjusted LIBOR rate. The agreement matures and a balloon payment is to be made on April 15, 2027. The note is collateralized by various real estate owned by the various members of the obligated group.</p>	2,334,000	-

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# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
<p>Wake Bond payable is obligated under industrial facilities revenue bonds which are payable in annual installments of varying amount through February 2034, plus interest adjustment on a weekly basis and set at the prevailing market rate or tax exempt bonds as determined by the remarketing agent, and collateralized by a letter of credit issued by the bank. This bond was refinanced by a term loan in September 2019.</p>	-	2,465,000
<p>Wake has a note payable to a lender in monthly installments of principal and interest of \$16,181. This note is secured by the real estate and matures September 2024.</p>	2,537,291	-
	34,965,268	19,375,950
Less: deferred financing costs	(730,173)	(230,102)
Subtotal	34,235,095	19,145,848
Less: current portion	(1,885,469)	(1,335,036)
Total long-term debt	\$32,349,626	\$ 17,810,812

The Master Trust Indenture (MTI) for the 2020 term loans requires the Company to maintain certain debt covenants. As of June 30, 2020, these debt covenants were met.

Current maturities of long-term debt are as follows for the year ended June 30, 2020:

2021	\$	1,885,469
2022		1,715,535
2023		1,745,706
2024		1,744,848
2025		3,694,041
2026 - 2030		5,910,000
2031 - 2035		6,626,000
2036 - 2040		7,162,000
	\$	30,483,599

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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In addition to the above maturities, SJBH, Crossroads, AO, and SCFFI have loans which do not have repayment terms. Most of these are with government agencies that only require payment if the property no longer is utilized in accordance with programs offered by the Company. As of June 30, 2020, the Company had debt in the amount of \$4,481,669 which did not have maturity dates.

Loan origination fees consisted of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Loan origination fees	\$ 1,004,783	\$ 269,698
Accumulated amortization	(274,611)	(39,596)
Loan origination fees, net	<u>\$ 730,172</u>	<u>\$ 230,102</u>

Loan cost amortization was \$235,015 and \$16,512 for the years ended June 30, 2020 and 2019, respectively.

The Company entered into three interest rate swap agreements in connection with its 2020 long term loans payable which are considered derivative financial instruments. The counterparty for the swap agreements is SunTrust bank. The objective of the swap agreement was to minimize the risks associated with financing activities by reducing the impact of changes in the interest rates on variable rate debt. The swap agreements were not designated as hedging instruments. The swap agreements were contracts to exchange variable rate for fixed rate interest payments over the life of the agreements without the exchange of the underlying notional amount. The notional amount of the swap agreements was used to measure the interest to be paid or received and did not represent the amount of exposure to credit loss. Exposure to credit loss was limited to the receivable amount, if any, which may have been generated as a result of the swap agreements. Management believes that losses related to credit risk were remote. The net cash paid or received under the swap agreements was recognized as an adjustment to interest expense.

The Company does not utilize interest rate swaps or other financial instruments for trading or other speculative purposes.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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At June 30, 2020, the Company has the following interest rate swaps in effect:

Effective notional amount	\$ 1,775,000	\$ 23,191,000	\$ 2,334,000
Strike rate	2.12%	2.12%	1.91%
Period	April 2020 to April 2027	April 2020 to April 2027	April 2020 to April 2025

The fair value of the swap agreements as of June 30, 2020 was \$690,244 in liabilities and are included in other long-term liabilities in the consolidated statement of financial position.

### 8. Due to State of New Jersey

New Jersey DHS issued a letter to IRON on March 27, 2017 indicating \$1,203,727 was due to New Jersey based on contract payments made to the Organization (IRON) in excess of supported or verifiable expenditures related to grant years 2013, 2014, and 2015, as well as unspent funds related to a capital expenditure grant in 2006.

As a result of the IRON's affiliation with the Company, the State of New Jersey agreed in September 2017 that the overpayment would be fully satisfied exclusively by IRON's payment of \$308,579 in equal quarterly payments over a 24-month period beginning on or before November 1, 2017 and concluding August 1, 2019.

Payments totaling \$83,045 and \$154,290 were made during the year ended June 30, 2020 and 2019, respectively.

### 9. Refundable Advance and Deferred Revenue

Refundable advances amounted to \$5,826,021 as of June 30, 2020 and Deferred revenue amounted to \$4,280,836 as of June 30, 2019. SJBH has an amount due of \$1,965,892 and \$1,563,755 as of years ending June 30, 2020 and 2019, respectively. This represents amounts received from the State of New Jersey in advance to fund the operations of state contracts. Advanced funds in excess of the contract allowable ceiling are due back to the state of New Jersey. Any recovery of funds will be requested by the State upon evaluation of the final reports. Repayments are due within 30 days of State request. Amounts represent revenues collected but not earned. The consolidated breakdown is as follows:

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# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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Company	2020	2019
SCFFI	\$ 620,311	\$ -
CPP	46,556	4,917
CHOR	-	132,487
CHORYFS	70,693	73,860
ACE	164,002	-
IMS, LLC	165,825	-
IRON	155,279	-
SJBH	4,547,251	4,069,572
AO	33,291	-
Cross	17,150	-
Wake	5,663	-
Total	\$ 5,826,021	\$ 4,280,836

### **10. Deferred Funding of Depreciation on Facilities acquired with State of New Jersey, Department of Human Services Capital Funding Agreements**

SJBH records depreciation as a functional expense on facilities acquired with State of New Jersey Department of Human Services Capital Funding Agreements. The capital funding agreements provide for SJBH's ownership and use of the related properties through the agreement periods, at which time SJBH may satisfy its obligation under the capital funding agreements by returning the related properties without further cost. In providing such facilities, the Department of Human Services is, in substance, subsidizing the depreciation expense on the properties to the extent of the amount funded. To recognize the economic effect of this subsidy, SJBH adopted a policy to record income equal to the depreciation of the portion of property acquired with Capital Funding Agreements.

Management performed analysis over the deferred funding and has determined that this intangible asset had no value as of June 30, 2020 and has subsequently written off the balance of \$1,360,098 during fiscal year ended June 30, 2020.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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### 11. Retirement Plans

During the fiscal year ended June 30, 2001, SCFFI adopted a 401(k) retirement plan covering all eligible employees. As of January 1, 2018, the name of the SCFFI 401(k) Plan changed to the Inperium & Family of Services 401(k) Plan. Under the terms of the plan, contributions are made by the individual participants. The participants elect contributions in amounts of their choice and direct the investment of these amounts in their plan account. The Company, at its election, may make additional contributions to the plan. The Company made no contributions for the years ended June 30, 2020 and 2019.

On May 19, 2015, the Board of Directors approved the formation of an ESOP. SCFFI has made no contribution for the years ended June 30, 2020 and 2019.

During the fiscal year ended June 30, 2020, CHOR and AFS affiliate plans were merged into the Company's 401(k) retirement plan.

#### Iron Pension Plan

IRON has a 403(b) defined contribution plan covering all full-time employees. Employer contributions to the NHTS Plan can be equal to 100% of employee contributions during the year, not to exceed three (3) percent of employee compensation. Each plan year, the Board of Trustees will determine the amount of the employer-based contribution (if any) that will be made for all eligible participants who are actively employed with IRON on the last day of the plan year. The plan was discontinued as of April 26, 2019 and no match was made in 2019.

#### SJBH Pension Plan

SJBH sponsors a defined contribution pension plan, which covers all eligible employees. Contributions provided by the agency are equal to 5% of eligible compensation as defined in the plan document. Employee benefits under the plan vest at 20% per year and are fully vested after five (5) years. Plan forfeitures are used to offset SJBH contributions. The annual contribution for the years ended June 30, 2020 and 2019 was \$295,067 and \$327,573, respectively.

SJBH also has a 457(b) deferred compensation plan for key executives. Contributions to the plan are discretionary and are determined by the board of directors. The annual contribution for the years ended June 30, 2020 and 2019 was \$39,000 and \$38,000, respectively.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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### 12. Collective Bargaining Agreement

The majority of SJBH's employees are represented through the Communications Workers of America Local 1038. For the year ended June 30, 2019, SJBH operated under a contract that expired on June 30, 2016. A memorandum of agreement was signed July 31, 2018 to change the expiration date to June 20, 2020 and is retroactive to July 1, 2016. On May 26, 2020, a memorandum of agreement was signed to extend the current contract expiring June 20, 2020 to December 31, 2020 due to the COVID-19 pandemic.

### 13. Leases

The Company leases some of its office space, client residential homes, program facilities, vehicles, and equipment under various operating lease arrangements with terms generally ranging from one to fifteen years.

YSA leases a facility in Doylestown, PA at annual rent of \$1 each, per the terms of the lease agreement. The facility is used to conduct various youth-related programs. Because of the changing nature of the lease, management cannot reasonably determine the future rental payments on the lease.

Total rents charged to expense during 2020 and 2019 for Company facilities were \$3,215,458 and \$3,384,984, respectively.

Future minimum payments under the leases are as follows for the year ending June 30, 2020:

2021	\$	3,108,443
2022		2,379,438
2023		2,053,165
2024		1,689,786
2025		1,002,443
2026 - thereafter		<u>548,840</u>
	\$	<u>10,782,115</u>

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Following is a summary of property held under capital leases at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Vehicles	\$ 155,668	\$ 155,668
Equipment	124,439	122,247
Less: Accumulated depreciation	<u>(242,600)</u>	<u>(210,000)</u>
	<u>\$ 37,507</u>	<u>\$ 67,915</u>

Minimum future payments under capital leases as of June 30, 2020 are as follows:

2021	<u>\$ 36,559</u>
Total minimum lease payments	<u>36,559</u>
Less: Amount representing interest	<u>(1,563)</u>
Present value of lease payments	<u>\$ 34,996</u>

### 14. Acquisitions and Affiliations

On September 1, 2019, Inperium affiliated with Crossroads Programs, Inc, (Crossroads) a New Jersey based nonprofit social service agency whose mission is to empower homeless, abandoned, abused, or at-risk youth. Under the terms of the agreement, the Inperium Board of Directors assumed control over Crossroads. As such the Crossroads financial activities are included in the consolidated financial statements.

On October 1, 2019, SCFFI affiliated with Our Own Home, Inc., a Pennsylvania based nonprofit social service agency that provides residential services for mental health and intellectually disabled individuals amount other services.

On November 15, 2019, APC acquired the business of Brereton Manor, a Pennsylvania personal care home for \$1,300,000. The land and building of Brereton Manor was acquired by Fortis Housing.

On March 1, 2020, Inperium affiliated with Advancing Opportunities, Inc. a New Jersey based nonprofit social service agency which provides residential services and assistive technology services among others. The Inperium board of directors assumed control over AO. As such the AO financial activities are included in the consolidated financial statements.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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On May 1, 2020, Inperium and Ocellus Tech, Inc. purchased Mercadien Technology for \$2,350,000. Ocellus Tech provides information technology and technological support to Inperium and its affiliates in order to assist the organizations with fulfilling their charitable missions.

On July 1, 2018, Inperium affiliated with WAKE, a Raleigh, North Carolina based nonprofit provider of disability support services. Under the terms of the agreement, the Inperium Board of Directors assumed control over WAKE. As such, the WAKE financial activities are included in the consolidated financial statements.

On August 31, 2018, Inperium affiliated with SJBH, a nonprofit behavioral health provider of adult and children's outpatient services, adult partial care, residential and community support services as well as homeless services and GCENT, a nonprofit that owns real property that operates two boarding homes for the mentally disadvantaged. Under the terms of the agreement, the Inperium Board of Directors assumed control over SJBH and GCENT. As such, the SJBH and GCENT financial activities are included in the consolidated financial statements.

On May 14, 2019, the Company acquired Hawthorne Homes (which became APC) for the purchase price of \$725,000. The Company financed the entire purchase through a \$605,000 mortgage held by Fortis Housing Services, LLC and a term loan of \$120,000 held by APC (See Note 8).

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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As a result of the above transactions, the Company acquired the following assets and liabilities at fair value for the years ended June 30, 2020 and 2019:

Company	2020					Total
	Crossroads Programs	Our Own Home	Breraton Manor	Advancing Opportunities	Mercadien Tech	
Date of Affiliation/Purchase	9/1/2019	10/1/2019	11/15/2019	3/1/2020	5/1/2020	
<b>Assets:</b>						
Cash and cash equivalents	\$ 845,750	\$137,335	\$ 23,514	\$ 385,964	\$ -	\$ 1,392,563
Accounts receivable	880,430	225,859	77,258	742,209	-	1,925,756
Prepaid and other assets	82,576	5,195	-	126,893	2,523,128	2,737,792
Land and buildings	3,314,242	137,998	1,798,000	4,489,835	30,431	9,770,506
Total assets	<u>\$5,122,998</u>	<u>\$506,387</u>	<u>\$1,898,772</u>	<u>\$ 5,744,901</u>	<u>\$2,553,559</u>	<u>\$ 15,826,617</u>
<b>Liabilities:</b>						
Accounts payable & accrued liabilities	\$ 781,934	\$ 30,837	\$ 358,983	\$ 2,178,345	\$ 207,900	\$ 3,557,999
Long-term debt	997,521	89,819	1,027,759	3,176,912	-	5,292,011
Total liabilities	<u>\$1,779,455</u>	<u>\$120,656</u>	<u>\$1,386,742</u>	<u>\$ 5,355,257</u>	<u>\$ 207,900</u>	<u>\$ 8,850,010</u>
Purchase price	\$ -	\$ -	\$1,300,000	\$ -	\$2,350,000	\$ 3,650,000
Inherent contribution of net assets	\$3,343,543	\$385,731	\$ 512,030	\$ 389,644	\$ -	\$ 4,630,948
Equity	\$ -	\$ -	\$ -	\$ -	\$2,345,659	\$ 2,345,659

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Company	2019				Total
	Wake Enterprises	South Jersey Behavioral Health	Guidance Center	Hawthorne Homes	
Date of Affiliation/Purchase	7/1/2018	8/31/2018	8/31/2018	5/14/2019	
<b>Assets:</b>					
Cash and cash equivalents	\$ 1,515,320	\$ 8,989,230	\$ 284,095	\$ -	\$ 10,788,645
Accounts receivable	242,903	430,001	6,151	40,000	\$ 719,055
Intercompany receivable	-	6,666	(6,666)	-	\$ -
Prepaid and other assets	136,408	93,544	1,688	38,940	\$ 270,580
Land and buildings	3,979,625	3,427,355	628,752	920,528	\$ 8,956,260
Other assets	-	1,323,357	-	100,000	\$ 1,423,357
<b>Total assets</b>	<b>\$ 5,874,256</b>	<b>\$ 14,270,153</b>	<b>\$ 914,020</b>	<b>\$ 1,099,468</b>	<b>\$ 22,157,897</b>
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 151,873	\$ 942,352	\$ 10,170	\$ -	\$ 1,104,395
Deferred income	-	2,469,267	-	-	\$ 2,469,267
Refundable advances	-	5,756,426	-	-	\$ 5,756,426
Due to affiliate	-	-	-	69,711	\$ 69,711
Long-term debt	2,585,000	1,680,654	202,586	714,766	\$ 5,183,006
<b>Total liabilities</b>	<b>\$ 2,736,873</b>	<b>\$ 10,848,699</b>	<b>\$ 212,756</b>	<b>\$ 784,477</b>	<b>\$ 14,582,805</b>
Purchase Price	\$ -	\$ -	\$ -	\$ 725,000	\$ 725,000
Inherent Contribution of of net assets	\$ 3,137,383	\$ 3,421,454	\$ 701,264	\$ 314,991	\$ 7,575,092

### 15. PA Department of Human Services Performance Audit

On July 31, 2018, SCFFI and the Department of Human Services (DHS) entered into a Stipulation of Settlement which resolves all issues raised in regard to the audit conducted by DHS's Bureau of Financial Operations (BFO). The settlement was repaid in full as of August 1, 2019.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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### 16. Concentrations

For the year ended June 30, 2020, the Company had revenues of \$69,936,486 from DHS, which represented approximately 47% of total revenues. Accounts receivable due from DHS at June 30, 2020 are \$ 6,160,561.

For the year ended June 30, 2019, the Company had revenues of \$58,178,853 from DHS, which represented approximately 57% of total revenues. Accounts receivable due from DHS at June 30, 2019 are \$6,944,585.

### 17. Restrictions on Net Assets/Endowment of Net Assets

The Company's net assets with donor restrictions are available for the following purposes as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Project Peace	\$ 1,615	\$ 1,615
Drug Free Communities	1,343	1,343
Nurse Family Partnership - Schuylkill County	21,225	2,321
Nurse Family Partnership - Berks County	249,763	161,746
MIHOPE	15,312	15,312
Outlet Area Neighborhood	517	517
Education purposes	70,004	71,140
Resident activities	99,237	246,003
Funds held in trust by others	<u>2,536,552</u>	<u>2,597,494</u>
	<u>\$ 2,995,568</u>	<u>\$ 3,097,491</u>



# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

	2020	2019
Education purposes	\$ 1,136	\$ 76
Resident activities	213,742	260,063
Time restrictions	1,036	7,613
	\$ 215,914	\$ 267,752

The CHOR endowment consists of four donor-restricted endowments, of which portions are to be held in perpetuity, with the income expendable for the programs of CHOR as specified in the endowment restrictions and one board-restricted endowment fund available for spending in accordance with the CHOR policy. As required by accounting principles generally accepted in the United States of America, net assets associated with the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,156,304	\$ -	\$ 1,156,304
Donor-restricted endowment funds	-	228,652	228,652
	\$ 1,156,304	\$ 228,652	\$ 1,384,956

	June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 781,649	\$ -	\$ 781,649
Donor-restricted endowment funds	-	228,652	228,652
	\$ 781,649	\$ 228,652	\$ 1,010,301

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Changes in endowment net assets for the fiscal year ended June 30, 2020 and 2019:

	June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 781,649	\$ 228,652	\$ 1,010,301
Investment return:			
Investment income	17,614	-	17,614
Net (depreciation) (realized and unrealized)	(10,360)	-	(10,360)
Total investment return	7,254	-	7,254
Contribution	375,681	-	375,681
Administrative fees	(8,280)	-	(8,280)
Endowment net assets, end of year	\$ 1,156,304	\$ 228,652	\$ 1,384,956

	June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 723,656	\$ 228,652	\$ 952,308
Investment return:			
Investment income	15,607	-	15,607
Net appreciation (realized and unrealized)	40,397	-	40,397
Total investment return	56,004	-	56,004
Contribution	9,797	-	9,797
Administrative fees	(7,808)	-	(7,808)
Endowment net assets, end of year	\$ 781,649	\$ 228,652	\$ 1,010,301

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

Changes in net assets with donor restrictions for Crossroads for the fiscal year ended June 30, 2020 were as follows:

	Beneficial Bank	Camden Children	Wells Fargo	Krupnick Foundation	Total
Balance as of 9/1/2019	\$ 2,500	\$ -	\$ 2,500	\$ 4,250	\$ 9,250
Grants and awards	-	12,500	-	-	12,500
Release from restriction	-	-	-	(4,250)	(4,250)
Balance as of June 30, 2020	<u>\$ 2,500</u>	<u>\$ 12,500</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 17,500</u>

### 18. Related Party Transactions

YSA and the former Chief Executive Officer agreed to a contract by which the former Chief Executive Officer will provide services to the organization for a period of five (5) years at \$5,000 per month through October 2020.

During the year ended June 30, 2020, ECI rented office space from Island Associates, LLC, commonly owned by Inperium's EVP and Chief Administration/Program Officer and Board member. The EVP and Chief Administration/Program Officer and Board member have a total combined ownership in Island Associates, LLC of 50%. Rental payments made to Island Associates, LLC totaled \$54,384 for the years ended June 30, 2020 and 2019.

The Company contracted with the former owners of AFS who remain as members of the Board for consulting services for a period of two years following the acquisition of AFS. The Company made payments to the related parties totaling \$125,000 and \$545,314 for the years ended June 30, 2020 and 2019, respectively.

SJBH contracted with CST Management LLC (CST) which is an agency whose principal owner is an immediate family member of SJBH's Chief Executive Officer. SJBH began utilizing CST to provide janitorial and building maintenance services for some of SJBH's program locations. The cost of services provided by CST amounted to \$121,430 and \$105,701 for the years ended June 30, 2020 and 2019, respectively.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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### **19. Contingency/Subject to Audit**

Funds received are subject to audit and adjustment by payors. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expense which may be disallowed by the payer cannot be determined at this time, although Inperium expects such amounts, if any, to be immaterial. No amounts have been accrued at June 30, 2020. However, as a result of an internal review of compliance and billing matters of an affiliate entity, management had accrued a liability of \$129,946 and \$105,124 as of June 30, 2020 and 2019, respectively, for expected repayments.

### **20. Legal Matters**

The Company is currently involved in several legal matters. At this point, it is not possible to determine the outcome of these issues, but it is the opinion of management that it will have no material effect on the Company's financial statements.

### **21. Liquidity**

The following reflects the Company's financial assets as of June 30, 2020 and 2019, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions and financial liabilities due within one year. The Company's financial assets include cash, receivables, investments, and beneficial interest in perpetual trusts. The Company has funds held for others, restricted funds, board designated funds, and funds committed for leases due within one year. To help manage liquidity needs, the Company has committed lines of credit totaling \$10,000,000, which it can draw upon. The outstanding balance was \$0 and \$4,899,351 as of June 30, 2020 and 2019, respectively. In addition, the Company has board designated endowment totaling \$1,156,304 and investment reserves totaling \$1,454,960 that are expected to be held for long-term purposes. With board approval, these investments could be used to meet cash needs, if necessary.

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Cash and cash equivalents	\$ 28,228,838	\$ 6,911,427
Accounts receivable	13,463,931	15,585,509
Loan receivable	22,274	367,117
Investments	1,454,960	1,079,751
Beneficial Interests and Charitable remainder trust	2,536,552	2,597,494
Total financial assets	45,706,555	26,541,298
Less:		
Contractual, board designated, or donor-imposed restrictions:		
Cash not available for general expenditures	(3,346,435)	(3,346,435)
Beneficial Interests and Charitable remainder trust	(2,536,552)	(2,597,494)
Other time and purpose restrictions	(438,472)	(519,020)
Endowment, with donor restrictions	(228,652)	(228,652)
Endowment, board designated	(1,156,304)	(781,649)
Financial assets available to meet cash needs for general expenditures within one year	(7,706,415)	(7,473,250)
Total financial assets and line of credit available to meet cash needs for general expenditures within one year	\$ 38,000,140	\$ 19,068,048

## 22. COVID-19 Pandemic

In December 2019, a novel strain of coronavirus, known as COVID-19, was reported and has since extensively impacted the global health and economic environment. In March 2020, the World Health Organization characterized COVID-19 as a pandemic, and the President declared the COVID-19 outbreak in the United States as a national emergency. The COVID-19 pandemic remains a rapidly evolving situation. It has impacted and could further impact the Company's operation and the operations of suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. The extent of the impact on our Company and financial results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity and impact of the COVID-19 pandemic. The Company has taken measures to reduce our costs and maintain adequate liquidity. However, due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Company is currently unable to fully determine the extent of COVID-19's impacts on the Company in future periods. Future periods will be heavily influenced by the timing, length, and intensity of the

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

economic recoveries in the United States. The Company continues to monitor evolving economic and general business conditions and the actual and potential impacts on the financial position, results of operations, and cash flows of the Company. In the opinion of management, there has been no material adverse effect of COVID-19 on the overall financial performance of the Company to date.

### 23. COVID-19 related revenue

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act commonly referred to as the CARES Act was signed into law. One component of the CARES Act was the Paycheck Protection Program (PPP) which provided small businesses with the resources needed to maintain their payroll and cover applicable overhead. The PPP provided funds to pay up to 24 weeks of payroll including benefits. Funds can also be used to pay interest on mortgages, rent and utilities. Certain Companies included in the consolidated financial statements applied for loans and were approved to participate in the PPP program. Loans totaling \$8.4 million were received in May 2020, \$5.3 million was recognized as revenue for year ended June 30, 2020 and the remaining \$3.1 million remained as an other current liability as follows:

<u>Company</u>	<u>Total Loan received</u>	<u>June 30, 2020 Revenue</u>	<u>Other Current Liability</u>
South Jersey Behavioral Health Resources	\$ 1,717,600	\$ 678,543	\$ 1,039,057
Children's Home of Reading	1,522,000	1,187,630	334,370
Advancing Opportunities	1,418,100	752,578	665,522
Crossroads	947,000	842,342	104,658
Edison Court	808,300	753,174	55,126
Community Prevention Partnership	471,000	-	471,000
IRON	443,500	235,836	207,664
Alvarium	419,700	419,700	-
Wake Enterprises	338,500	143,242	195,258
Affinity	318,900	301,329	17,572
Totals	<u>\$ 8,404,600</u>	<u>\$ 5,314,374</u>	<u>\$ 3,090,227</u>

# INPERIUM, INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019

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As this is a conditional grant, revenue was recognized as of June 30, 2020 based on payroll expenses incurred and paid from the loan funding date through June 30, 2020. The loan is a five-year loan bearing an annual interest rate of 1%. All companies intend to apply for loan forgiveness under the provisions of Section 1106 of the CARES Act. Loan forgiveness is subject to the sole approval of the Small Business Association. The companies used loan proceeds to partially subsidize direct payroll expenses.

For the year ended June 30, 2020, the Company recognized an additional \$4,017,904 in CARES act funding, which was distributed directly from the federal government as well as various state agencies to help offset additional expenditures related to the pandemic.

### **24. Subsequent Events**

Subsequent to year end, the Company received conditional grants totaling \$2,186,383 from the Federal Provider Relief Fund.

## **SUPPLEMENTARY INFORMATION**



# INPERIUM, INC.

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

<u>Assets</u>	INPERIUM	APIS SERVICES	OCELLUS TECH	INPERIUM NORTH CAROLINA	WAKE ENTERPRISES	INPERIUM NEW JERSEY	IRON RECOVERY AND WELLNESS CENTER	CROSSROADS PROGRAMS	ADVANCING OPPORTUNITIES
Current assets:									
Cash and cash equivalents	\$ -	\$ 12,716,900		\$ -	\$ 946,015	\$ -	\$ 277,680	\$ 1,460,798	\$ 1,964,614
Accounts receivable	-	8,819	29,467	-	338,388	-	165,678	833,139	660,154
Inventory	-	-		-	-	-	-	-	-
Prepaid expenses	24,247	457,312	-	-	4,034	-	9,961	22,787	97,652
<b>Total current assets</b>	<b>24,247</b>	<b>13,183,031</b>	<b>29,467</b>	<b>-</b>	<b>1,288,437</b>	<b>-</b>	<b>453,319</b>	<b>2,316,724</b>	<b>2,722,420</b>
Land, buildings, leasehold improvements, and equipment:									
Land and buildings	-	-	-	-	4,047,558	-	792,574	3,530,465	3,895,400
Computer equipment	-	174,866	-	-	29,228	-	-	4,563	28,159
Furniture and fixtures	168,388	-	-	-	-	-	1,607	70,829	4,154
Leasehold improvements	-	-	-	-	-	-	-	78,553	277,984
Office equipment	-	36,232	-	-	45,980	-	58,218	-	-
Transportation equipment	-	84,380	-	-	4,148	-	12,551	249	174,190
Construction in process	-	-	-	-	2,500	-	-	-	-
<b>Less: accumulated depreciation</b>	<b>(20,605)</b>	<b>(93,703)</b>	<b>-</b>	<b>-</b>	<b>(179,691)</b>	<b>-</b>	<b>(66,822)</b>	<b>(92,708)</b>	<b>(78,457)</b>
<b>Net land, buildings, leasehold improvements, and equipment</b>	<b>147,783</b>	<b>201,775</b>	<b>-</b>	<b>-</b>	<b>3,949,723</b>	<b>-</b>	<b>798,128</b>	<b>3,591,951</b>	<b>4,301,430</b>
Other assets:									
Security deposits	-	-	-	-	-	-	-	-	29,898
Deferred funding of depreciation	-	-	-	-	-	-	-	-	-
Investment in subsidiary	2,346,464	2,345,659	-	-	-	-	-	-	-
Due to/from affiliates	(5,589,559)	22,245,208	17,793	(7,937)	98,984	(92,594)	(2,010,312)	(1,029,161)	(2,041,634)
Loan receivable	-	354,500	-	-	-	-	-	640	-
Goodwill	-	-	2,280,910	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Beneficial interests and charitable remainder trust	-	-	-	-	-	-	-	-	-
<b>Total other assets</b>	<b>(3,243,095)</b>	<b>24,945,367</b>	<b>2,298,703</b>	<b>(7,937)</b>	<b>98,984</b>	<b>(92,594)</b>	<b>(2,010,312)</b>	<b>(1,028,521)</b>	<b>(2,011,736)</b>
<b>Total Assets</b>	<b>\$ (3,071,065)</b>	<b>\$ 38,330,173</b>	<b>\$ 2,328,170</b>	<b>\$ (7,937)</b>	<b>\$ 5,337,144</b>	<b>\$ (92,594)</b>	<b>\$ (758,865)</b>	<b>\$ 4,880,154</b>	<b>\$ 5,012,114</b>

# INPERIUM, INC.

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(Continued)

	SOUTH JERSEY BEHAVIORAL HEALTH	GUIDANCE CENTER	INPERIUM NEW YORK	EDISON COURT	COMMUNITY PREVENTION PARTNERS	YOUTH SERVICES AGENCY	CHILDREN'S HOME OF READING	CHOR YOUTH & FAMILY SERVICES	READING SPECIALISTS
<b>Assets</b>									
Current assets:									
Cash and cash equivalents	\$ 8,492,280	\$ 364,715	\$ -	\$ 529,688	\$ 238,420	\$ 70	\$ 844,981	\$ 3,009	\$ -
Accounts receivable	683,657	30,495	-	853,194	451,429	11,699	57,641	1,363,709	-
Inventory	-	-	-	-	-	-	-	16,499	-
Prepaid expenses	66,721	5,647	1,300	-	18,080	-	10,640	35,580	-
<b>Total current assets</b>	<b>9,242,658</b>	<b>400,857</b>	<b>1,300</b>	<b>1,382,882</b>	<b>707,929</b>	<b>11,769</b>	<b>913,262</b>	<b>1,418,797</b>	<b>-</b>
Land, buildings, leasehold improvements, and equipment:									
Land and buildings	3,370,490	535,800	-	430,753	911,535	7,702,990	13,081,810	-	-
Computer equipment	27,565	-	-	21,095	-	-	234,015	-	-
Furniture and fixtures	5,347	103,352	-	45,288	1,900	5,550	191,425	-	-
Leasehold improvements	-	-	-	815,230	9,911	-	131,417	-	-
Office equipment	-	-	-	47,515	8,496	24,011	115,318	-	-
Transportation equipment	91,631	-	-	-	-	181,362	-	-	-
Construction in process	569	-	-	-	-	-	32,977	-	-
Less: accumulated depreciation	(213,151)	(54,298)	-	(356,387)	(17,280)	(388,520)	(1,096,757)	-	-
<b>Net land, buildings, leasehold improvements, and equipment</b>	<b>3,282,451</b>	<b>584,854</b>	<b>-</b>	<b>1,003,494</b>	<b>914,562</b>	<b>7,525,393</b>	<b>12,690,205</b>	<b>-</b>	<b>-</b>
Other assets:									
Security deposits	30,138	-	-	-	-	-	-	-	-
Deferred funding of depreciation	-	-	-	-	-	-	-	-	-
Investment in subsidiary	-	-	-	-	-	-	-	-	-
Due to/from affiliates	(1,082,605)	(23,102)	(82,032)	(183,862)	(237,995)	(1,635,246)	(1,584,017)	(1,294,543)	51,568
Loan receivable	-	-	-	-	-	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	1,454,960	-	-
Beneficial interests and charitable remainder trust	-	-	-	-	-	-	2,536,552	-	-
<b>Total other assets</b>	<b>(1,052,467)</b>	<b>(23,102)</b>	<b>(82,032)</b>	<b>(183,862)</b>	<b>(237,995)</b>	<b>(1,635,246)</b>	<b>2,407,495</b>	<b>(1,294,543)</b>	<b>51,568</b>
<b>Total Assets</b>	<b>\$ 11,472,642</b>	<b>\$ 962,609</b>	<b>\$ (80,732)</b>	<b>\$ 2,202,514</b>	<b>\$ 1,384,496</b>	<b>\$ 5,901,916</b>	<b>\$ 16,010,962</b>	<b>\$ 124,254</b>	<b>\$ 51,568</b>

# INPERIUM, INC.

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(Continued)

	AFFINITY	ALVARIUM	ALVARIUM PERSONAL CARE	SUPPORTIVE CONCEPTS	HARMONYCREST	PERSON DIRECTED CLINICAL SERVICES	FORTIS HOLDINGS	FORTIS HOUSING	S AUTOMOTIVE & FLEET SERVICES
<b>Assets</b>									
Current assets:									
Cash and cash equivalents	\$ 152,614	\$ 86,400	\$ 400	\$ 130,474	\$ 2,073	\$ -	\$ -	\$ -	\$ -
Accounts receivable	561,396	191,798	67,060	6,330,173	38,285	181,342	-	-	52,473
Inventory	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	300	14,425	147,731	-	-	-	-	-
Total current assets	714,010	278,498	81,885	6,608,378	40,358	181,342	-	-	52,473
Land, buildings, leasehold improvements, and equipment:									
Land and buildings	-	417,104	-	7,371,499	-	-	-	9,527,027	-
Computer equipment	12,268	-	-	512,160	-	-	-	-	-
Furniture and fixtures	-	32,925	192,700	253,376	4,865	-	-	-	5,695
Leasehold improvements	-	69,494	-	1,491,604	-	-	-	-	4,158
Office equipment	-	-	-	418,484	-	-	-	-	45,784
Transportation equipment	-	-	27,792	1,759,068	-	-	-	-	-
Construction in process	-	-	-	-	-	-	-	-	-
Less: accumulated depreciation	(5,108)	(11,714)	(31,904)	(4,643,772)	(892)	-	-	(651,816)	(24,768)
Net land, buildings, leasehold improvements, and equipment	7,160	507,809	188,588	7,162,419	3,973	-	-	8,875,211	30,869
Other assets:									
Security deposits	5,958	-	-	130,532	-	-	-	-	-
Deferred funding of depreciation	-	-	-	-	-	-	-	-	-
Investment in subsidiary	-	-	-	1,695,000	-	-	-	-	-
Due to/from affiliates	1,018,317	(1,096,735)	(648,338)	4,489,237	150,441	87,256	(192,708)	(8,093,817)	37,064
Loan receivable	-	1,134	-	-	-	-	-	-	-
Goodwill	1,780,869	-	168,486	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-	-
Beneficial interests and charitable remainder trust	-	-	-	-	-	-	-	-	-
Total other assets	2,805,144	(1,095,601)	(479,852)	6,314,769	150,441	87,256	(192,708)	(8,093,817)	37,064
<b>Total Assets</b>	<b>\$ 3,526,314</b>	<b>\$ (309,294)</b>	<b>\$ (209,379)</b>	<b>\$ 20,085,566</b>	<b>\$ 194,772</b>	<b>\$ 268,598</b>	<b>\$ (192,708)</b>	<b>\$ 781,394</b>	<b>\$ 120,406</b>

(Continued)

# INPERIUM, INC.

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(Continued)

<b>Assets</b>	SUSTAINABLE ENERGY & LIGHTING SOLUTIONS	INPERIUM MANAGEMENT SERVICES	ALTERNATIVE CONSULTING ENTERPRISES	HONEYTHRIVE	ANCHORS FROM CAROL	ELIMINATION INPERIUM	Eliminations	Consolidated Totals
Current assets:								
Cash and cash equivalents	\$ -	\$ -	\$ 4,875	\$ -	\$ 12,832	\$ -	\$ -	\$ 28,228,838
Accounts receivable	10,768	416,861	126,306	-	-	-	-	13,463,931
Inventory	3,929	-	-	-	-	-	-	20,428
Prepaid expenses	-	165,929	-	-	-	-	-	1,082,346
<b>Total current assets</b>	<b>14,697</b>	<b>582,790</b>	<b>131,181</b>	<b>-</b>	<b>12,832</b>	<b>-</b>	<b>-</b>	<b>42,795,543</b>
Land, buildings, leasehold improvements, and equipment:								
Land and buildings	-	-	-	-	-	-	-	55,615,005
Computer equipment	-	36,907	50,631	-	-	-	-	1,131,457
Furniture and fixtures	-	-	-	-	-	-	-	1,087,401
Leasehold improvements	-	-	169,987	-	-	-	-	3,048,338
Office equipment	-	-	-	-	-	-	-	800,038
Transportation equipment	-	-	-	-	-	-	-	2,335,371
Construction in process	-	-	-	-	-	-	-	36,046
Less: accumulated depreciation	-	(3,139)	(35,438)	-	-	-	-	(8,066,930)
<b>Net land, buildings, leasehold improvements, and equipment</b>	<b>-</b>	<b>33,768</b>	<b>185,180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,986,726</b>
Other assets:								
Security deposits	-	-	-	-	-	-	-	196,526
Deferred funding of depreciation	-	-	-	-	-	-	-	-
Investment in subsidiary	-	-	-	-	-	(2,345,659)	(4,041,464)	-
Due to/from affiliates	(172,791)	(687,980)	(378,651)	(15,245)	(15,004)	-	-	-
Loan receivable	-	-	-	-	-	(334,000)	-	22,274
Goodwill	-	-	-	-	-	-	-	4,230,265
Investments	-	-	-	-	-	-	-	1,454,960
Beneficial interests and charitable remainder trust	-	-	-	-	-	-	-	2,536,552
<b>Total other assets</b>	<b>(172,791)</b>	<b>(687,980)</b>	<b>(378,651)</b>	<b>(15,245)</b>	<b>(15,004)</b>	<b>(2,679,659)</b>	<b>(4,041,464)</b>	<b>8,440,577</b>
<b>Total Assets</b>	<b>\$ (158,094)</b>	<b>\$ (71,422)</b>	<b>\$ (62,290)</b>	<b>\$ (15,245)</b>	<b>\$ (2,172)</b>	<b>\$ (2,679,659)</b>	<b>\$ (4,041,464)</b>	<b>\$ 107,222,846</b>

(Continued)

(Continued)

# INPERIUM, INC.

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

	INPERIUM	APIS SERVICES	OCELLUS TECH	INPERIUM NORTH CAROLINA	WAKE ENTERPRISES	INPERIUM NEW JERSEY	IRON RECOVERY AND WELLNESS CENTER	CROSSROADS PROGRAM
<b>Liabilities and Net Assets</b>								
<b>Liabilities:</b>								
<b>Current liabilities:</b>								
Revolving line of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	133,000	2,736,267	21,744	-	2,286	-	2,493	189,759
Refundable advance	-	-	-	-	5,663	-	155,279	17,150
Salaries and wages payable	-	5,395,641	-	-	56,687	-	-	20,267
Payroll taxes and amounts withheld from employees	-	95,504	-	-	-	-	2,067	-
Other current liabilities obligation	-	-	-	-	195,259	-	207,664	104,658
Current portion of long-term debt	24,484	1,468,000	-	-	86,518	-	-	2,719
<b>Total current liabilities</b>	<b>157,484</b>	<b>9,695,412</b>	<b>21,744</b>	<b>-</b>	<b>346,413</b>	<b>-</b>	<b>367,503</b>	<b>336,745</b>
<b>Long-term liabilities:</b>								
Refundable advance - long -term	-	-	-	-	-	-	-	-
Other long-term liabilities	-	690,244	-	-	-	-	-	10,014
Long-term debt (net of financing costs)	67,287	25,136,876	-	-	2,415,724	-	-	116,396
<b>Total long-term liabilities</b>	<b>67,287</b>	<b>25,827,120</b>	<b>-</b>	<b>-</b>	<b>2,415,724</b>	<b>-</b>	<b>-</b>	<b>126,410</b>
<b>Total Liabilities</b>	<b>224,771</b>	<b>35,522,532</b>	<b>21,744</b>	<b>-</b>	<b>2,762,137</b>	<b>-</b>	<b>367,503</b>	<b>463,155</b>
<b>Net Assets:</b>								
Membership interest	-	-	-	-	-	-	-	-
Additional paid-in-capital	-	-	2,345,659	-	-	-	-	-
Net assets without donor restrictions	(3,295,836)	2,807,641	(39,233)	(7,937)	2,575,007	(92,594)	(1,126,368)	4,399,499
Net assets with donor restrictions	-	-	-	-	-	-	-	17,500
<b>Total net assets</b>	<b>(3,295,836)</b>	<b>2,807,641</b>	<b>2,306,426</b>	<b>(7,937)</b>	<b>2,575,007</b>	<b>(92,594)</b>	<b>(1,126,368)</b>	<b>4,416,999</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ (3,071,065)</b>	<b>\$ 38,330,173</b>	<b>\$ 2,328,170</b>	<b>\$ (7,937)</b>	<b>\$ 5,337,144</b>	<b>\$ (92,594)</b>	<b>\$ (758,865)</b>	<b>\$ 4,880,154</b>

(Continued)

# INPERIUM, INC.

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(Continued)

	ADVANCING OPPORTUNITIES	SOUTH JERSEY BEHAVIORAL HEALTH	GUIDANCE CENTER	INPERIUM NEW YORK	EDISON COURT	COMMUNITY PREVENTION PARTNERS	YOUTH SERVICES AGENCY	CHILDREN'S HOME OF READING
<b>Liabilities and Net Assets</b>								
<b>Liabilities:</b>								
<b>Current liabilities:</b>								
Revolving line of credit	334,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	651,898	407,899	4,086	-	4,750	21,774	22,480	2,377
Refundable advance	33,291	2,239,264	-	-	-	46,556	-	-
Salaries and wages payable	29,449	800,353	-	-	-	-	161,011	-
Payroll taxes and amounts withheld from employees	8,822	32,728	-	-	-	-	-	-
Other current liabilities	665,522	1,039,057	-	-	55,126	471,000	-	334,371
obligation	-	-	-	-	-	-	-	32,804
Current portion of long-term debt	159,928	-	32,282	-	-	-	26,001	-
<b>Total current liabilities</b>	<b>1,882,910</b>	<b>4,519,301</b>	<b>36,368</b>	<b>-</b>	<b>59,876</b>	<b>539,330</b>	<b>209,492</b>	<b>369,552</b>
<b>Long-term liabilities:</b>								
Refundable advance - long -term	-	2,307,987	-	-	-	-	-	-
Other long-term liabilities	-	-	2,333	-	-	-	-	-
Long-term debt (net of financing costs)	2,304,401	1,680,654	120,502	-	-	-	7,786	-
<b>Total long-term liabilities</b>	<b>2,304,401</b>	<b>3,988,641</b>	<b>122,835</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,786</b>	<b>-</b>
<b>Total Liabilities</b>	<b>4,187,311</b>	<b>8,507,942</b>	<b>159,203</b>	<b>-</b>	<b>59,876</b>	<b>539,330</b>	<b>217,278</b>	<b>369,552</b>
<b>Net Assets:</b>								
Membership interest	-	-	-	-	-	-	-	-
Additional paid-in-capital	-	-	-	-	-	-	-	-
Net assets without donor restrictions	824,803	2,964,700	803,406	(80,732)	2,142,638	555,391	5,684,638	12,706,965
Net assets with donor restrictions	-	-	-	-	-	289,775	-	2,934,445
<b>Total net assets</b>	<b>824,803</b>	<b>2,964,700</b>	<b>803,406</b>	<b>(80,732)</b>	<b>2,142,638</b>	<b>845,166</b>	<b>5,684,638</b>	<b>15,641,410</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,012,114</b>	<b>\$ 11,472,642</b>	<b>\$ 962,609</b>	<b>\$ (80,732)</b>	<b>\$ 2,202,514</b>	<b>\$ 1,384,496</b>	<b>\$ 5,901,916</b>	<b>\$ 16,010,962</b>

(Continued)

# INPERIUM, INC.

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(Continued)

	CHOR YOUTH & FAMILY SERVICES	READING SPECIALISTS	AFFINITY	ALVARIUM	ALVARIUM PERSONAL CARE	SUPPORTIVE CONCEPTS	HARMONYCREST	PERSON DIRECTE CLINICAL SERVICES
<b>Liabilities and Net Assets</b>								
<b>Liabilities:</b>								
<b>Current liabilities:</b>								
Revolving line of credit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	53,561	-	12,609	667	8,103	39,150	-	75
Refundable advance	70,693	-	-	-	-	620,311	-	-
Salaries and wages payable	-	-	-	-	-	-	-	-
Payroll taxes and amounts withheld from employees	-	-	-	-	-	-	-	-
Other current liabilities obligation	-	-	17,571	-	-	-	-	-
Current portion of long-term debt	-	-	-	-	-	85,537	-	-
<b>Total current liabilities</b>	<b>124,254</b>	<b>-</b>	<b>30,180</b>	<b>667</b>	<b>8,103</b>	<b>744,998</b>	<b>-</b>	<b>75</b>
<b>Long-term liabilities:</b>								
Refundable advance - long -term	-	-	-	-	-	-	-	-
Other long-term liabilities	-	652	1,200	-	-	140,662	-	-
Long-term debt (net of financing costs)	-	-	-	-	-	500,000	-	-
<b>Total long-term liabilities</b>	<b>-</b>	<b>652</b>	<b>1,200</b>	<b>-</b>	<b>-</b>	<b>640,662</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>124,254</b>	<b>652</b>	<b>31,380</b>	<b>667</b>	<b>8,103</b>	<b>1,385,660</b>	<b>-</b>	<b>75</b>
<b>Net Assets:</b>								
Membership interest	-	-	-	-	-	-	-	-
Additional paid-in-capital	-	-	2,346,464	-	-	-	-	-
Net assets without donor restrictions	-	50,916	1,148,470	(309,961)	(217,482)	18,699,906	194,772	268,523
Net assets with donor restrictions	-	-	-	-	-	-	-	-
<b>Total net assets</b>	<b>-</b>	<b>50,916</b>	<b>3,494,934</b>	<b>(309,961)</b>	<b>(217,482)</b>	<b>18,699,906</b>	<b>194,772</b>	<b>268,523</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 124,254</b>	<b>\$ 51,568</b>	<b>\$ 3,526,314</b>	<b>\$ (309,294)</b>	<b>\$ (209,379)</b>	<b>\$ 20,085,566</b>	<b>\$ 194,772</b>	<b>\$ 268,598</b>

# INPERIUM, INC.

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

(Continued)

	D	FORTIS HOLDINGS	FORTIS HOUSING	S AUTOMOTIVE & FLEET SERVICES	SUSTAINABLE ENERGY & LIGHTING SOLUTIONS	INPERIUM MANAGEMENT SERVICES	ALTERNATIVE CONSULTING ENTERPRISES	HONEYTHRIVE	ANCHORS FROM CAROL
<b>Liabilities and Net Assets</b>									
<b>Liabilities:</b>									
<b>Current liabilities:</b>									
Revolving line of credit	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable		-	-	2,616	5	7,928	141,574	-	-
Refundable advance		-	-	-	-	165,825	164,002	-	-
Salaries and wages payable		-	-	-	-	-	-	-	-
Payroll taxes and amounts withheld from employees		-	-	-	-	-	-	-	-
Other current liabilities obligation		-	-	-	-	-	-	-	-
Current portion of long-term debt		-	-	-	-	-	-	-	-
<b>Total current liabilities</b>		<b>-</b>	<b>-</b>	<b>2,616</b>	<b>5</b>	<b>173,753</b>	<b>305,576</b>	<b>-</b>	<b>-</b>
<b>Long-term liabilities:</b>									
Refundable advance - long -term		-	-	-	-	-	-	-	-
Other long-term liabilities		-	1,425	-	-	-	-	-	-
Long-term debt (net of financing costs)		-	-	-	-	-	-	-	-
<b>Total long-term liabilities</b>		<b>-</b>	<b>1,425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>		<b>-</b>	<b>1,425</b>	<b>2,616</b>	<b>5</b>	<b>173,753</b>	<b>305,576</b>	<b>-</b>	<b>-</b>
<b>Net Assets:</b>									
Membership interest		-	-	-	-	-	1,255,000	-	-
Additional paid-in-capital		-	-	40,000	400,000	-	-	-	-
Net assets without donor restrictions		(192,708)	779,969	77,790	(558,099)	(245,175)	(1,622,866)	(15,245)	(2,172)
Net assets with donor restrictions		-	-	-	-	-	-	-	-
<b>Total net assets</b>		<b>(192,708)</b>	<b>779,969</b>	<b>117,790</b>	<b>(158,099)</b>	<b>(245,175)</b>	<b>(367,866)</b>	<b>(15,245)</b>	<b>(2,172)</b>
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>(192,708)</b>	<b>\$ 781,394</b>	<b>\$ 120,406</b>	<b>\$ (158,094)</b>	<b>\$ (71,422)</b>	<b>\$ (62,290)</b>	<b>\$ (15,245)</b>	<b>\$ (2,172)</b>

(Continued)



# INPERIUM, INC.

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

	ELIMINATION INPERIUM	Eliminations	Consolidated Totals
<b>Liabilities and Net Assets</b>			
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Revolving line of credit	\$ (334,000)	\$ -	\$ -
Accounts payable	-	-	4,467,101
Refundable advance	-	-	3,518,034
Salaries and wages payable	-	-	6,463,408
Payroll taxes and amounts withheld from employees	-	-	139,121
Other current liabilities obligation	-	-	3,090,228
Current portion of long-term debt	-	-	34,996
	-	-	1,885,469
<b>Total current liabilities</b>	<b>(334,000)</b>	-	<b>19,598,357</b>
<b>Long-term liabilities:</b>			
Refundable advance - long -term	-	-	2,307,987
Other long-term liabilities	-	-	846,530
Long-term debt (net of financing costs)	-	-	32,349,626
<b>Total long-term liabilities</b>	-	-	<b>35,504,143</b>
<b>Total Liabilities</b>	<b>(334,000)</b>	-	<b>55,102,500</b>
<b>Net Assets:</b>			
Membership interest	-	(1,255,000)	-
Additional paid-in-capital	(2,345,659)	(2,786,464)	-
Net assets without donor restrictions	-	-	48,878,626
Net assets with donor restrictions	-	-	3,241,720
<b>Total net assets</b>	<b>(2,345,659)</b>	<b>(4,041,464)</b>	<b>52,120,346</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ (2,679,659)</b>	<b>\$ (4,041,464)</b>	<b>\$ 107,222,846</b>

(Concluded)

**INPERIUM, INC.**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	INPERIUM	APIS SERVICES	OCELLUS TECH	INPERIUM NORTH CAROLINA	WAKE ENTERPRISES	INPERIUM NEW JERSEY	IRON RECOVERY AND WELLNESS CENTER	WITHOUT DONOR RESTRICTIONS CROSSROADS PROGRAMS	WITH DONOR RESTRICTIONS CROSSROADS PROGRAMS	ADVANCING OPPORTUNITIES
<b>Public Support, Revenues, Gains, and Other Support</b>										
Contract revenue	\$ -	\$ -	\$ -	\$ -	\$ 2,033,954	\$ -	\$ 2,266,442	\$ 7,539,579		\$ 2,423,459
Contributions/grants	-	67	-	-	57,501	-	942,669	44,082	17,500	114,452
Client fees	-	75,430	-	-	-	-	-	-	-	101,504
Other program fees	-	-	-	-	-	-	289,481	-	-	-
Other income	-	3,685	-	-	28,317	-	32,713	432	-	91,508
Interest Income	-	-	-	-	12,289	-	-	523	-	331
COVID Revenue	-	-	-	-	197,076	-	235,836	1,088,342	-	1,161,658
Inherent contributions of net assets from affiliates	-	-	-	-	-	-	-	3,343,543	-	389,644
Sales (net discounts)	-	39,456	29,360	-	162,397	-	-	-	-	2,600
Intercompany revenues	5,449	743,334	2,839	-	8	-	-	-	-	-
Total public support, revenues, gains, and other support	5,449	861,972	32,199	-	2,491,542	-	3,767,141	12,016,501	17,500	4,285,156
<b>Expenses:</b>										
Payroll	1,086,175	6,412,575	-	-	1,267,178	-	1,930,599	4,175,949	-	1,958,330
Payroll taxes and employee benefits	150,572	1,160,844	-	-	343,793	-	462,803	825,621	-	350,914
Total payroll and related expenses	1,236,747	7,573,419	-	-	1,610,971	-	2,393,402	5,001,570	-	2,309,244
Client transportation	67,898	73,527	-	-	58,126	-	13,942	93,073	-	21,848
Communications	127,614	243,363	647	-	21,413	38	35,976	37,775	-	47,376
Contract personnel	1,407,017	1,195,252	6,658	-	120,778	16,124	308,709	1,358,135	-	188,823
Housekeeping expense	17,943	480	-	-	20,585	-	8,488	168,390	-	50,615
Insurance expense	991	40,218	-	-	39,233	-	45,189	131,732	-	48,353
Interest expense	173,820	579,919	-	292	128,815	3,087	102,863	56,465	-	22,681
Maintenance and repairs	2,912	96,144	-	-	45,625	-	105,753	98,122	-	51,283
Management fees	(1,497,482)	(13,375,287)	-	-	184,319	-	381,270	262,306	-	285,057
Rent expense	6,162	229,689	-	-	77	-	334	-	-	91,362
Supplies and operating expenses	170,052	873,250	25,468	-	74,882	3,417	251,566	226,662	-	219,346
Utilities	947	44,861	-	-	73,396	-	42,603	89,028	-	45,908
Total expenses before depreciation	1,714,621	(2,425,165)	32,773	292	2,378,220	22,666	3,690,095	7,523,258	-	3,381,896
Depreciation	20,619	26,012	38,659	-	170,311	-	31,434	93,748	-	78,457
Total expenses	1,735,240	(2,399,153)	71,432	292	2,548,531	22,666	3,721,529	7,617,006	-	3,460,353
Change in net assets before non-operating income (loss)	(1,729,791)	3,261,125	(39,233)	(292)	(56,989)	(22,666)	45,612	4,399,495	17,500	824,803
<b>Non-Operating Income:</b>										
Non-operating gains (losses)	(161,623)	(690,320)	-	-	(105,626)	-	(34,524)	-	-	-
Total non-operating income	(161,623)	(690,320)	-	-	(105,626)	-	(34,524)	-	-	-
Change in net assets after non-operating income	(1,891,414)	2,570,805	(39,233)	(292)	(162,615)	(22,666)	11,088	4,399,495	17,500	824,803
<b>Net Assets:</b>										
Beginning of year	(1,404,420)	236,835	-	(7,645)	2,737,623	(69,927)	(1,137,456)	-	-	-
End of year	\$ (3,295,834)	\$ 2,807,640	\$ (39,233)	\$ (7,937)	\$ 2,575,008	\$ (92,593)	\$ (1,126,368)	\$ 4,399,495	\$ 17,500	\$ 824,803

# INPERIUM, INC.

## CONSOLIDATING STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

(Continued)

	SOUTH JERSEY BEHAVIORAL HEALTH	GUIDANCE CENTER	INPERIUM NEW YORK	EDISON COURT	WITHOUT DONOR RESTRICTIONS COMMUNITY PREVENTION PARTNERS	WITH DONOR RESTRICTIONS COMMUNITY PREVENTION PARTNERS	YOUTH SERVICES AGENCY	WITHOUT DONOR RESTRICTIONS CHILDREN'S HOME OF READING	WITH DONOR RESTRICTIONS CHILDREN'S HOME OF READING
<b>Public Support, Revenues, Gains, and Other Support</b>									
Contract revenue	\$ 10,217,333	\$ -	\$ -	\$ 6,691,316	\$ 944,198	\$ -	\$ 3,743	\$ -	
Contributions/grants	2,734,216	-	-	80,180	3,122,111	106,921	-	582,197	
Client fees	372,157	-	-	-	-	-	-	(148,937)	
Other program fees	59,753	-	-	204,819	-	-	-	-	
Other income	625,679	240,622	-	1,685	3,576	-	(62,479)	63,217	
Interest Income	5,867	62	-	66	-	-	142,073	(59,907)	
COVID Revenue	715,616	-	-	771,094	-	-	-	-	
Inherent contributions of net assets from affiliates	-	-	-	-	-	-	-	-	
Sales (net discounts)	-	-	-	-	-	124,610	-	-	
Intercompany revenues	-	-	-	8,027	-	-	1,525	-	
Total public support, revenues, gains, and other support	<u>14,730,621</u>	<u>240,684</u>	<u>-</u>	<u>7,757,187</u>	<u>4,069,885</u>	<u>106,921</u>	<u>67,399</u>	<u>854,381</u>	<u>(208,844)</u>
<b>Expenses:</b>									
Payroll	7,335,070	62,086	-	3,773,655	2,064,862	-	85,599	179,115	
Payroll taxes and employee benefits	1,808,063	-	-	923,779	387,476	-	38,858	24,638	
Total payroll and related expenses	<u>9,143,133</u>	<u>62,086</u>	<u>-</u>	<u>4,697,434</u>	<u>2,452,338</u>	<u>-</u>	<u>124,457</u>	<u>203,753</u>	
Client transportation	230,492	-	-	89,563	44,513	-	15,309	136	
Communications	113,612	9,734	-	62,558	63,304	-	9,148	11,239	
Contract personnel	1,466,810	26,085	23,367	524,678	179,077	-	116,757	18,736	
Housekeeping expense	171,984	1,996	-	291,705	123,025	-	25,558	-	
Insurance expense	149,475	5,499	-	38,752	18,789	-	39,323	140	
Interest expense	20,809	15,657	-	39,092	17,163	-	70,975	139,425	
Maintenance and repairs	359,309	9,220	-	113,857	34,027	-	13,967	1,069	
Management fees	744,220	-	-	778,428	353,205	-	9,216	64,555	
Rent expense	483,823	-	-	109,838	62,907	-	359	2,468	
Supplies and operating expenses	452,990	15,892	-	201,273	98,559	-	83,605	251,690	
Utilities	152,319	17,242	-	84,808	27,279	-	27,114	914	
Total expenses before depreciation	<u>13,488,976</u>	<u>163,411</u>	<u>23,367</u>	<u>7,031,986</u>	<u>3,474,186</u>	<u>-</u>	<u>535,788</u>	<u>694,125</u>	
Depreciation	<u>83,282</u>	<u>29,853</u>	<u>-</u>	<u>125,480</u>	<u>10,545</u>	<u>-</u>	<u>145,129</u>	<u>61</u>	
Total expenses	<u>13,572,258</u>	<u>193,264</u>	<u>23,367</u>	<u>7,157,466</u>	<u>3,484,731</u>	<u>-</u>	<u>680,917</u>	<u>694,186</u>	
Change in net assets before non-operating income (loss)	<u>1,158,363</u>	<u>47,420</u>	<u>(23,367)</u>	<u>599,721</u>	<u>585,154</u>	<u>106,921</u>	<u>(613,518)</u>	<u>160,195</u>	<u>(208,844)</u>
<b>Non-Operating Income:</b>									
Non-operating gains (losses)	<u>(1,437,737)</u>	<u>-</u>	<u>-</u>	<u>(13,563)</u>	<u>-</u>	<u>-</u>	<u>42,349</u>	<u>(74,376)</u>	
Total non-operating income	<u>(1,437,737)</u>	<u>-</u>	<u>-</u>	<u>(13,563)</u>	<u>-</u>	<u>-</u>	<u>42,349</u>	<u>(74,376)</u>	
Change in net assets after non-operating income	<u>(279,374)</u>	<u>47,420</u>	<u>(23,367)</u>	<u>586,158</u>	<u>585,154</u>	<u>106,921</u>	<u>(571,169)</u>	<u>85,819</u>	<u>(208,844)</u>
<b>Net Assets:</b>									
Beginning of year	3,244,072	755,986	(57,364)	1,556,481	(29,763)	182,854	6,255,809	12,231,857	3,143,289
End of year	<u>\$ 2,964,698</u>	<u>\$ 803,406</u>	<u>\$ (80,731)</u>	<u>\$ 2,142,639</u>	<u>\$ 555,391</u>	<u>\$ 289,775</u>	<u>\$ 5,684,640</u>	<u>\$ 12,317,676</u>	<u>\$ 2,934,445</u>

**INPERIUM, INC.**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**(Continued)**

	CHOR YOUTH & FAMILY SERVICES	READING SPECIALISTS	AFFINITY	ALVARIUM	ALVARIUM PERSONAL CARE	SUPPORTIVE CONCEPTS	HARMONYCREST	PERSON DIRECTED CLINICAL SERVICES	FORTIS HOLDINGS
<b>Public Support, Revenues, Gains, and Other Support</b>									
Contract revenue	\$ 12,131,682	\$ -	\$ 4,398,621	\$ 2,041,579	\$ -	\$ 65,562,505	\$ -	\$ 646,462	\$ -
Contributions/grants	355,693	-	5,501	-	50	31,004	-	-	-
Client fees	-	-	-	55,512	1,220,772	2,493,158	160,695	-	-
Other program fees	1,200	-	1,076,872	-	(6,024)	111,172	-	-	-
Other income	7,723	-	13,344	7,500	46,041	326,124	-	-	-
Interest Income	64	2,618	3,768	-	-	591	-	-	-
COVID Revenue	1,353,441	-	301,329	310,682	198,568	2,961,261	-	-	-
Inherent contributions of net assets from affiliates	-	-	-	-	-	385,731	-	-	-
Sales (net discounts)	-	-	-	-	-	-	-	675,446	-
Intercompany revenues	49,212	4,161	16,682	-	2,989	269,825	864,368	1,486,340	-
Total public support, revenues, gains, and other support	<u>13,899,015</u>	<u>6,779</u>	<u>5,816,117</u>	<u>2,415,273</u>	<u>1,462,396</u>	<u>72,141,371</u>	<u>1,025,063</u>	<u>2,808,248</u>	<u>-</u>
<b>Expenses:</b>									
Payroll	6,245,795	172	1,528,412	1,399,109	998,852	36,530,639	503,993	1,771,407	-
Payroll taxes and employee benefits	1,610,308	620	358,560	263,052	140,510	7,430,156	107,674	344,336	-
Total payroll and related expenses	<u>7,856,103</u>	<u>792</u>	<u>1,886,972</u>	<u>1,662,161</u>	<u>1,139,362</u>	<u>43,960,795</u>	<u>611,667</u>	<u>2,115,743</u>	<u>-</u>
Client transportation	127,199	-	21,547	53,669	7,787	1,687,768	8,151	58,234	-
Communications	163,737	-	16,120	10,411	65,137	427,126	5,235	29,795	-
Contract personnel	1,281,769	500	1,948,277	94,471	45,084	3,472,263	9,668	10,770	20,882
Housekeeping expense	248,347	-	22,027	22,094	158,549	910,685	42,517	425	-
Insurance expense	158,871	-	147,100	17,232	6,936	517,745	6,860	14,593	-
Interest expense	130,021	3,450	32,590	50,544	16,222	336,575	56,694	61,830	7,558
Maintenance and repairs	291,806	-	35,014	47,089	92,471	1,053,892	31,619	8,484	-
Management fees	1,415,255	-	583,968	245,974	73,317	8,768,994	102,519	280,822	-
Rent expense	228,612	-	112,382	94,032	-	2,071,282	46,630	20,010	-
Supplies and operating expenses	637,833	55	135,164	56,519	90,347	1,524,018	24,217	23,604	104
Utilities	229,681	-	31,030	30,066	82,098	912,783	10,484	4,166	-
Total expenses before depreciation	<u>12,769,234</u>	<u>4,797</u>	<u>4,972,191</u>	<u>2,384,262</u>	<u>1,777,310</u>	<u>65,643,926</u>	<u>956,261</u>	<u>2,628,476</u>	<u>28,544</u>
Depreciation	433,514	-	200,720	9,918	30,699	396,408	1,190	1,509	-
Total expenses	<u>13,202,748</u>	<u>4,797</u>	<u>5,172,911</u>	<u>2,394,180</u>	<u>1,808,009</u>	<u>66,040,334</u>	<u>957,451</u>	<u>2,629,985</u>	<u>28,544</u>
Change in net assets before non-operating income (loss)	696,267	1,982	643,206	21,093	(345,613)	6,101,037	67,612	178,263	(28,544)
<b>Non-Operating Income:</b>									
Non-operating gains (losses)	3,163	-	5,907	44,470	3,949	295,082	126	(21)	-
Total non-operating income	<u>3,163</u>	<u>-</u>	<u>5,907</u>	<u>44,470</u>	<u>3,949</u>	<u>295,082</u>	<u>126</u>	<u>(21)</u>	<u>-</u>
Change in net assets after non-operating income	<u>699,430</u>	<u>1,982</u>	<u>649,113</u>	<u>65,563</u>	<u>(341,664)</u>	<u>6,396,119</u>	<u>67,738</u>	<u>178,242</u>	<u>(28,544)</u>
<b>Net Assets:</b>									
Beginning of year	(310,140)	48,934	499,357	(375,523)	124,181	12,303,787	127,034	90,282	(164,164)
End of year	<u>\$ 389,290</u>	<u>\$ 50,916</u>	<u>\$ 1,148,470</u>	<u>\$ (309,960)</u>	<u>\$ (217,483)</u>	<u>\$ 18,699,906</u>	<u>\$ 194,772</u>	<u>\$ 268,524</u>	<u>\$ (192,708)</u>

**INPERIUM, INC.**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	FORTIS HOUSING	S AUTOMOTIVE & FLEET SERVICES	SUSTAINABLE ENERGY & LIGHTING SOLUTIONS	INPERIUM MANAGEMENT SERVICES	ALTERNATIVE CONSULTING ENTERPRISES	HONEYTHRIVE	ANCHORS FROM CAROL	Eliminations/ Reclasses	Consolidated Totals
<b>Public Support, Revenues, Gains, and Other Support</b>									
Contract revenue	\$ -	\$ -	\$ -	\$ -	\$ 1,643,147	\$ -	\$ -	\$ -	\$ 118,544,020
Contributions/grants	-	-	-	-	-	-	15,713	-	8,060,920
Client fees	-	-	-	-	-	-	-	-	4,479,228
Other program fees	-	-	-	-	-	-	-	-	1,737,273
Other income	14,225	1,261	-	-	-	-	-	-	1,385,266
Interest Income	-	155	-	-	-	-	-	-	168,407
COVID Revenue	-	-	-	-	37,375	-	-	-	9,332,278
Inherent contributions of net assets from affiliates	512,030	-	-	-	-	-	-	-	4,630,948
Sales (net discounts)	-	439,919	207,513	590,725	-	-	-	-	2,272,026
Intercompany revenues	497,377	493,067	249,805	3,719	-	-	-	(4,765,621)	-
Total public support, revenues, gains, and other support	<u>1,023,632</u>	<u>934,402</u>	<u>457,318</u>	<u>594,444</u>	<u>1,680,522</u>	<u>-</u>	<u>15,713</u>	<u>(4,765,621)</u>	<u>150,610,366</u>
<b>Expenses:</b>									
Payroll	-	329,812	229,782	416,529	946,235	-	-	-	81,231,930
Payroll taxes and employee benefits	-	48,797	59,691	59,709	157,755	-	-	-	17,058,529
Total payroll and related expenses	-	<u>378,609</u>	<u>289,473</u>	<u>476,238</u>	<u>1,103,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,290,459</u>
Client transportation	-	11,050	27,120	336	3,471	-	-	(489,727)	2,225,032
Communications	-	9,036	4,527	1,566	18,237	614	3,827	-	1,539,165
Contract personnel	101,500	3,094	2,263	50,560	464,236	14,090	12,282	(2,233,913)	12,254,802
Housekeeping expense	-	14	-	94	-	-	-	-	2,285,521
Insurance expense	-	9,040	4,278	-	23,136	-	-	-	1,463,485
Interest expense	332,420	2,046	6,616	2,572	17,523	359	341	(1,313,235)	1,115,189
Maintenance and repairs	-	6,355	-	-	25,650	-	-	(248,345)	2,275,323
Management fees	25,591	93,444	45,732	-	174,577	-	-	-	-
Rent expense	-	32,400	-	-	99,521	-	-	(476,430)	3,215,458
Supplies and operating expenses	252,694	297,846	124,731	279,893	65,622	181	1,436	(3,971)	6,458,945
Utilities	-	6,323	-	-	15,250	-	-	-	1,928,300
Total expenses before depreciation	712,205	849,257	504,740	811,259	2,011,213	15,244	17,886	(4,765,621)	133,051,679
Depreciation	212,229	10,173	4,852	1,900	15,558	-	-	-	2,172,260
Total expenses	<u>924,434</u>	<u>859,430</u>	<u>509,592</u>	<u>813,159</u>	<u>2,026,771</u>	<u>15,244</u>	<u>17,886</u>	<u>(4,765,621)</u>	<u>135,223,939</u>
Change in net assets before non-operating income (loss)	99,198	74,972	(52,274)	(218,715)	(346,249)	(15,244)	(2,173)	-	15,386,427
<b>Non-Operating Income:</b>									
Non-operating gains (losses)	-	-	-	-	(11,475)	-	-	-	(2,134,219)
Total non-operating income	-	-	-	-	(11,475)	-	-	-	(2,134,219)
Change in net assets after non-operating income	<u>99,198</u>	<u>74,972</u>	<u>(52,274)</u>	<u>(218,715)</u>	<u>(357,724)</u>	<u>(15,244)</u>	<u>(2,173)</u>	<u>-</u>	<u>13,252,208</u>
<b>Net Assets:</b>									
Beginning of year	680,770	2,817	(505,826)	(26,460)	(1,265,142)	-	-	-	38,868,138
End of year	<u>\$ 779,968</u>	<u>\$ 77,789</u>	<u>\$ (558,100)</u>	<u>\$ (245,175)</u>	<u>\$ (1,622,866)</u>	<u>\$ (15,244)</u>	<u>\$ (2,173)</u>	<u>\$ -</u>	<u>\$ 52,120,346</u>