

INSPIRATION CORPORATION

**Consolidated Financial Statements
and Supplementary Information
(Including Reports Required by
OMB's Uniform Guidance)**

**For the Year Ended
June 30, 2023**

Inspiration Corporation

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Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors of
Inspiration Corporation
Chicago, IL

Opinion

We have audited the accompanying consolidated financial statements of Inspiration Corporation (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Inspiration Corporation as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Inspiration Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Inspiration Corporation's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Inspiration Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Inspiration Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 5, 2024 on our consideration of Inspiration Corporation's internal control over financial reporting with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on the effectiveness of Inspiration Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Inspiration Corporation's internal control over financial reporting.

Report on Summarized Comparative Information

We have previously audited Inspiration Corporation's consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 7, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Desmond & Ahern, Ltd

March 5, 2024
Chicago, IL

INSPIRATION CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 967,435	\$ 736,364
Accounts receivable	57,953	55,225
Grant and contributions receivable, current portion	497,500	443,035
Due from government agencies	608,385	461,706
Prepaid expenses	19,694	16,041
Total current assets	<u>2,150,967</u>	<u>1,712,371</u>
Restricted cash	30,999	26,901
Grants and contributions receivable, net of current portion	-	160,000
Property and equipment, net	1,309,263	1,440,164
Right of use asset - capital lease	132,946	-
Total Assets	<u><u>\$ 3,624,175</u></u>	<u><u>\$ 3,339,436</u></u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Current portion of long-term debt	\$ 4,944	\$ 4,668
Accounts payable	162,653	49,765
Security deposits	5,027	4,848
Refundable advances	-	134,231
Accrued payroll and related expenses	83,789	77,079
Operating lease liability	132,946	-
Total current liabilities	<u>389,359</u>	<u>270,591</u>
Escrow liabilities	25,163	25,163
Long-term debt, net of current portion	185,336	190,281
Total liabilities	<u>599,858</u>	<u>486,035</u>
Net Assets		
Without donor restrictions	2,109,738	1,945,381
With donor restrictions	914,579	908,020
Total net assets	<u>3,024,317</u>	<u>2,853,401</u>
Total Liabilities and Net Assets	<u><u>\$ 3,624,175</u></u>	<u><u>\$ 3,339,436</u></u>

See independent auditor's report and notes to financial statements.

INSPIRATION CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023 (with summarized comparative totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
<u>Public Support and Revenue</u>				
Contributions				
Foundation	\$ 525,329	\$ 480,000	\$ 1,005,329	\$ 1,201,399
Corporation	244,949	-	244,949	130,849
Individual	726,287	-	726,287	552,028
Government grants	2,633,252	-	2,633,252	2,146,668
PPP loan	-	-	-	386,495
In-kind materials	65,317	-	65,317	77,568
Donated services	87,613	-	87,613	43,457
Other revenue without restrictions	5,231	-	5,231	8,576
Programs				
Revenue	235,871	-	235,871	181,908
Less cost of goods sold	(45,883)	-	(45,883)	(19,549)
Net revenues from programs	189,988	-	189,988	162,359
Special Events				
Sponsorships and ticket revenue	210,926	-	210,926	174,551
Less costs of direct benefits	(74,734)	-	(74,734)	(59,778)
Net revenues from special events	136,192	-	136,192	114,773
Net assets released from restrictions	473,441	(473,441)	-	-
Total Public Support and Revenue	5,087,599	6,559	5,094,158	4,824,172
<u>Expenses</u>				
Program Services				
Training	1,314,576	-	1,314,576	1,055,156
Meals and supportive services	719,020	-	719,020	661,973
Housing	1,814,535	-	1,814,535	1,821,691
Total program services	3,848,131	-	3,848,131	3,538,820
Management and general	635,946	-	635,946	557,881
Fundraising	439,165	-	439,165	461,565
Total Expenses	4,923,242	-	4,923,242	4,558,266
Change in Net Assets	164,357	6,559	170,916	265,906
Net assets, beginning of year	1,945,381	908,020	2,853,401	2,587,495
Net assets, end of year	\$ 2,109,738	\$ 914,579	\$ 3,024,317	\$ 2,853,401

See independent auditor's report and notes to financial statements.

INSPIRATION CORPORATION**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES****For the Year Ended June 30, 2023 (with summarized comparative totals for 2022)**

	Program	Management and General	Fundraising	2023 Total	2022 Total
Salaries	\$ 1,534,122	\$ 331,451	\$ 305,002	\$ 2,170,575	\$ 2,024,228
Payroll taxes and employee benefits	319,587	111,759	56,489	487,835	437,260
Management fee	8,703	-	-	8,703	8,077
Professional fees	204,430	114,765	1,134	320,329	219,862
Rent subsidies	766,938	-	-	766,938	730,945
Direct support	172,413	-	-	172,413	140,049
Occupancy	225,586	21,895	18,802	266,283	255,686
Communications	35,154	5,157	2,923	43,234	46,940
Supplies	37,894	7,089	17,468	62,451	63,333
Program supplies	161,128	621	6,298	168,047	179,659
Equipment rental and maintenance	54,058	1,905	553	56,516	55,310
Marketing	323	-	3,514	3,837	7,972
Insurance	73,959	15,874	7,090	96,923	85,766
Printing and postage	4,525	1,081	6,698	12,304	17,006
Transportation	7,717	460	127	8,304	8,341
Staff development	11,267	10,148	258	21,673	32,147
Dues and subscriptions	27,786	2,270	4,331	34,387	18,778
Interest and bank fees	12,617	4,345	6,717	23,679	27,718
Depreciation	186,326	2,074	1,761	190,161	190,608
Bad debt	-	4,058	-	4,058	3,071
Miscellaneous	3,598	994	-	4,592	5,510
Total Expenses	\$ 3,848,131	\$ 635,946	\$ 439,165	\$ 4,923,242	\$ 4,558,266

See independent auditor's report and notes to financial statements.

INSPIRATION CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023 and 2022

	2023	2022
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 170,916	\$ 265,906
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	190,161	190,608
(Increase) decrease in assets		
Accounts receivable	(2,728)	(18,187)
Grants and contributions receivable	105,535	192,761
Due from government agencies	(146,679)	(193,748)
Prepaid expenses	(3,653)	2,278
Increase (decrease) in liabilities		
Accounts payable	112,888	(108,862)
Security deposit	179	798
Refundable advances	(134,231)	(40,343)
Refundable advance- paycheck protection program	-	(386,495)
Accrued payroll and related	6,710	15,655
Deferred rent	-	(1,350)
Cash provided by (used in) operating activities	<u>299,098</u>	<u>(80,979)</u>
<u>Cash Flows from Investing Activities</u>		
Acquisition of property and equipment	(59,260)	(107,658)
Cash used in investing activities	<u>(59,260)</u>	<u>(107,658)</u>
<u>Cash Flows from Financing Activities</u>		
Repayments of long-term debt	(4,669)	(4,408)
Cash used in financing activities	<u>(4,669)</u>	<u>(4,408)</u>
Increase (decrease) in cash and cash equivalents	235,169	(193,045)
Cash and cash equivalents, beginning of year	763,265	956,310
Cash and cash equivalents, end of year	<u>\$ 998,434</u>	<u>\$ 763,265</u>
Consists of:		
Cash and cash equivalents (current)	\$ 967,435	\$ 736,364
Restricted cash	30,999	26,901
Total cash and cash equivalents	<u>\$ 998,434</u>	<u>\$ 763,265</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid during the year for interest	<u>\$ 13,043</u>	<u>\$ 13,043</u>

See independent auditor's report and notes to financial statements.

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Inspiration Corporation in Chicago, Illinois, was incorporated on August 8, 1989 for the purpose of helping people who are affected by homelessness and poverty, to improve their lives and increase self-sufficiency through the provision of social services, employment training and placement, and housing. Additionally, the Foodservice Training program, operated within Inspiration Corporation's restaurants, provides skill- specific job training and employment placement. The following are descriptions of the Organizations programs:

Training – offers low-income individuals struggling to find work the opportunity to learn to cook professionally at a real restaurant open to the paying public, helping them gain the skills and experience they need to build a career in the food service industry. The program is free to participants and includes hands-on instruction, kitchen demonstrations, classroom culinary instructions, nutrition education and employment and life skills classes. We also provide them with the services they need to overcome obstacles like homelessness, criminal backgrounds, mental and physical disabilities, substance addictions and mental illness.

Housing – connects with individuals and families experiencing homelessness on the streets and in emergency shelters, help them identify a new home, and work with their new landlord to make sure that they transition smoothly into their unit. We strive to help our participants increase their self-sufficiency with the ultimate goal of helping them exit poverty for good. We work with more than 130 households and their landlords, administering rental subsidies paid through federal and state contracts. Each contract requires us to match a percentage of the total amount with funds raised from private donors.

Meals - Inspiration Cafe has returned to serving meals in a restaurant-style setting, after several years of to-go meal distribution to help meet the rising needs resulting from the pandemic. The Cafe is open to our participants five days a week and operates like any other full-service restaurant in the city. More than just a place to eat, Inspiration Cafe is a refuge from the streets where participants can get a good meal, connect with fellow diners, volunteers, and staff, and form a supportive community.

5840 S. Dr. Martin Luther King Jr. Drive, LLC was established on September 27, 2011 to provide affordable and permanent supportive housing to low-income families, including those experiencing homelessness, in Chicago.

Principles of Consolidation

The consolidated financial statements include the accounts of Inspiration Corporation and 5840 S. Dr. Martin Luther King Jr. Drive, LLC (collectively, the "Organization"). Inspiration Corporation is the sole member of 5840 S. Dr. Martin Luther King Drive, LLC. All material intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The accounts and consolidated financial statements are maintained on the accrual basis of accounting and accordingly, reflect all significant accounts receivable, payable, and other liabilities in conformity with accounting principles generally accepted in the U.S. and applicable to non-profit organizations.

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Basis of Presentation

The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions, as required by Generally Accepted Accounting Principles. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Items that affect this net asset category principally consist of gifts without restrictions, including those designated by the Board, fees for service and related expenses associated with the core activities of the Organization.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met, endowment gifts, pledges, and investment return on endowment funds. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as without donor restrictions.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits in federally insured accounts. The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The accounts may, at times, exceed the federally insured limit of \$250,000. The Organization has never experienced such losses in these accounts.

Restricted Cash

Restricted cash represents sinking fund accounts pursuant to terms of the note payable to Illinois Facilities Fund (see Note 7).

Accounts and Grants Receivable

Accounts and grants receivable consist of both unconditional promises to give by donors and amounts due from governmental agencies for services. Unconditional promises to give are recorded in the year the promises are made, either unrestricted, or restricted for the subsequent period. Amounts due from governmental agencies are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Accounts and grants receivable are carried net an allowance for doubtful accounts. The Organization records an allowance for doubtful accounts based on specifically identified amounts that are not certain to be collected. Management has deemed no allowance for doubtful accounts to be necessary at June 30, 2023.

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Property and Equipment

Expenditures for land, building, property and equipment, and items which substantially increase the useful lives of existing assets, are capitalized at cost. Any donated property and equipment are recorded at their estimated fair value when received. Depreciation is computed on the straight-line method at rates designed to depreciate the costs of assets over their estimated useful lives ranging from 5 to 20 years. The Organization generally capitalizes items costing \$1,000 or more. Costs of maintenance and repairs are charged to expense when incurred.

Income Taxes

The Organization was granted an exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The Organization qualifies for the charitable contribution deduction and has been classified as an organization that is not a private foundation under Section 509(a)(1). The tax-exempt purpose of the Organization and the nature in which it operates is described above. The Organization continues to operate in compliance with its tax-exempt purpose.

5840 S. Dr. Martin Luther King Jr. Drive, LLC is treated as a disregarded entity for federal income tax purposes. Consequently, federal income taxes are not payable by, or provided for, 5840 S. Dr. Martin Luther King Jr. Drive, LLC.

Management believes that it did not engage in any unrelated business activities; as such, no provision for income tax has been provided for in the financial statements. The Organization's Form 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after filing.

Support and Revenue

The Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. It is the Organization's policy to immediately liquidate donations of common stock.

The Organization reports gifts of land, buildings, and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During the year ending June 30, 2023 no such gifts of land, buildings, or equipment were received.

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Support and Revenue (cont.)

The Organization recognizes contract revenue at an amount that reflects consideration to which the Organization expects to be entitled to in exchange for transferring goods or services to a customer. All contracts recognize revenue in accordance with ASU No. 2014-09.

For performance reporting contracts, a customer pays the agreed upon amounts after the completion and submission of specified deliverables in the contract. For these contracts, the Organization will allocate the transaction price of the contract to the specific performance obligations based on the contract. The Organization recognizes revenue when the performance obligations are met and delivered to the customer. The Organization had no contracts during 2023 that were performance reporting contracts. There are no contract assets or liabilities.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization did not have any refundable advances at June 30, 2023.

Certain Vulnerabilities and Concentrations

The Organization's total revenue for the year ended June 30, 2023 amounted to \$5,099,410. Of this amount, approximately 21% was received from the U.S. Department of Housing and Urban Development and 11% was received from three foundations. These funding sources also represented approximately 19% of the total receivable balance at June 30, 2023. Negative changes in the economy could have an impact on contributions, fundraising efforts as well as government grants.

In-Kind Services and Donated Materials

The Organization records various types of in-kind support, including professional services. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets, (b) require specialized skills and are provided by individuals possessing those skills, and (c) would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received.

The Organization received \$87,613 of contributed professional legal services in 2023, which are included in total donated services revenue and expense. This is valued based on information provided by the lawyer on the hours spent and a specified rate. The Organization also received \$65,317 of food and other supplies used in program operations in 2023 shown as in-kind materials based on the estimated fair market value of the items from a public website at the time of donation. In addition, a number of volunteers, including the Board of Directors, have made significant contributions of time to the Organization's policy-making, program and support functions. However, the value of this contributed time does not meet the criteria for recognition of contributed services contained per Generally Accepted Accounting Principles and accordingly is not reflected in the accompanying consolidated financial statements.

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and the Consolidated Statement of Functional Expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Adoption of New Accounting Standard

Effective July 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of June 30, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 (a) a lease liability of \$262,174 which represents the present value of the remaining lease payments of \$270,000, discounted using the risk-free discount rate of 2.84%, and (b) a right-of-use asset of \$262,174.

Subsequent Events

Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Organization has evaluated subsequent events through March 5, 2024, which is the date the statements were available to be issued. No subsequent events have been identified that are required to be disclosed as of that date.

Note 2 – Financial Assets and Liquidity Resources

As of June 30, 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Cash and cash equivalents	\$ 998,434
Accounts and contributions receivable	555,453
Due from government agencies	608,385
Total financial assets available	<u>2,162,272</u>
Less restricted cash - debt reserves	(30,999)
Less net assets with donor restrictions	(914,579)
Add back time restrictions to be received next year	395,000
Total financial assets available within one year	<u>\$ 1,611,694</u>
Additional liquidity resources:	
Unused line of credit	<u>\$ 350,000</u>

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023

Note 2 – Financial Assets and Liquidity Resources (cont.)

The Organization provides various program services from which it receives city, state and federal reimbursement as well as significant pledges and contributions from individual, corporation and foundation donors; and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general operating purposes.

The Organization manages its liquidity and reserves following three guiding principles: 1) operating within a prudent range of financial soundness and stability; 2) maintaining adequate liquid assets to fund near-term operating needs; and 3) maintaining sufficient reserves to provide reasonable assurance that programming is continued, and obligations will be adequately discharged in the future. To manage liquidity, the Organization defers expenses to the extent practicable and draws upon available lines of credit as needed to meet cash flow needs. During the year ended June 30, 2023 the level of liquidity and reserves was managed within the policy requirements.

Note 3 – Property and Equipment

Property and equipment are summarized as follows for the year ended June 30, 2023:

		Depreciable Life - Years
Buildings and building improvements	\$ 3,095,816	20
Land	60,000	-
Furniture and equipment	227,230	5
Vehicles	163,833	5
Total cost	3,546,879	
Accumulated depreciation	2,237,616	
Net property and equipment	<u>\$ 1,309,263</u>	

The Organization had depreciation expense of \$190,161 for the year ended 2023.

Note 4 – Grant and Contributions Receivable

The Organization records pledges in the period in which the promise is received. Payments due to be received beyond one year are recorded at a discounted amount. Grant and contributions receivable of \$497,500 are all due in 2024.

The Organization believes that all pledge receivables are fully collectible; therefore, no reserve has been recorded as of June 30, 2023.

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023

Note 5 – Due from Governmental Agencies

The Organization has entered into contracts with the U.S. Department of Housing and Urban Development, the City of Chicago, Illinois, and other state and local government agencies. The contracts provide for reimbursement of subsidized services based on a per diem rate limited to a specified maximum. The Organization believes that the amounts due from governmental agencies are fully collectible; therefore, no reserve has been recorded as of June 30, 2023.

Additionally, at June 30, 2023, the Organization received approximately \$719,188 in conditional promises to give related to these government grants. These amounts are not recorded on the Statement of Financial Position and are recognized as the conditions prescribed by the funding source agreements are met.

Note 6 – Line of Credit

In 2023, under a line of credit agreement, the Organization had available borrowings of \$350,000 from a bank. There was no amount of outstanding borrowings on this line of credit as of June 30, 2023. Interest was payable monthly at the rate of 8.25% on June 30, 2023. The line of credit is secured by the Organization's outstanding accounts receivable. The note was renewed in 2023 and again in 2024 and now expires March 26, 2025.

Note 7 – Long-Term Debt

During 2012, the Organization entered into a promissory note to Illinois Facilities Fund in the amount of \$225,000 which is being amortized over a 30-year period, requiring monthly payments of \$1,313 applicable first to interest at the rate of 5.75% per annum with the balance to reduction of principle. At maturity, in February 2034, the loan will require an approximate \$121,000 balloon payment. The loan is secured by a first mortgage encumbering the project.

Principal maturities of long-term debt for each of the next five years, through maturity are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2024	\$ 4,944
2025	5,236
2026	5,545
2027	5,872
2028	6,219
Therafter	162,464
Total	<u>\$ 190,280</u>

Pursuant to the loan agreement, the Organization is required to maintain various sinking funds, including a replacement reserve, operating deficit reserve, debt service reserve and tax and insurance reserve. As of June 30, 2023, these accounts amounted to \$30,999, and are reflected as restricted cash on the Consolidated Statement of Financial Position.

INSPIRATION CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 are restricted for the following:

Contributions restricted for time	\$ 530,000
Contributions restricted for purpose	384,579
	<u>\$ 914,579</u>

Note 9 – Retirement Plan

The Organization has a defined contribution 401(k) retirement plan. The plan allows for eligible employees to defer compensation up to the statutory limit. The Organization provides matching contributions up to 4% based on a stated tier match. The Organization made matching contributions for participating employees totaling \$45,178 for the year ended June 30, 2023.

Note 10 – Operating Leases

The Organization leases office space under a non-cancellable operating lease arrangement. The lease expires June 2024. Rental expense for the fiscal year ended June 30, 2023 totaled \$135,000.

The Organization assessed whether the arrangement qualified as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changes. Leases with an initial term of twelve months or less are not recorded on the balance sheet.

The impact of the adoption of ASC 842 on the balance sheet as of July 1, 2022 is as follows:

Noncurrent Operating right-of-use asset	\$ 262,174
Assets	<u>\$ 262,174</u>
Current lease liability	\$ 106,672
Noncurrent lease liability	155,502
Liabilities	<u>\$ 262,174</u>
Cumulative effect	\$ -
Operating right-of-use (“ROU”) assets and lease liabilities as of June 30, 2023 are as follows:	
Operating lease right-of-use assets	\$ 262,174
Accumulated amortization	(129,228)
Net operating lease right-of-use assets	<u>\$ 132,946</u>
Current operating lease liabilities	\$ 132,946
Noncurrent operating lease liabilities	-
Total operating lease liabilities	<u>\$ 132,946</u>

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023

Note 10 – Operating Leases (cont.)

Rental expense for this lease, included in the Statement of Activities for the year ended June 30, 2023, was \$212,543. The components are as follows:

Operating lease cost	\$ 135,000
Variable lease cost	77,543
Total lease cost	<u>\$ 212,543</u>

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

Weighted-average remaining lease term (years)	
Operating leases	1.0
Weighted-average discount rate	
Operating leases	2.84%

The Organization has made the election afforded in the guidance under ASC Topic 842 which allows the use of the risk-free discount rate for these leases, which is based on the borrowing rate for the United States Federal Government for a period comparable to the lease terms.

The following summarizes cash flow information related to the leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 135,000
Lease assets obtained in exchange for lease obligations	
Operating lease	\$ 262,174

The maturities of operating lease liabilities are as follows for the years ending June 30, 2023:

2024	\$ 135,000
Total future undiscounted lease payments	135,000
Less: interest	(2,054)
Present value of lease liabilities	<u>\$ 132,946</u>

SUPPLEMENTARY INFORMATION

INSPIRATION CORPORATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2023

	Inspiration	King Dr	Elimination	Consolidated
<u>Assets</u>				
Current Assets				
Cash and cash equivalents	\$ 966,624	\$ 811	\$ -	\$ 967,435
Accounts receivable	54,376	3,577	-	57,953
Grant and contributions receivable, current portion	497,500	-	-	497,500
Due from government agencies	608,385	-	-	608,385
Due from King Drive.	21,416	-	(21,416)	-
Prepaid expenses	16,440	3,254	-	19,694
Total current assets	2,164,741	7,642	(21,416)	2,150,967
Restricted cash	-	30,999	-	30,999
Property and equipment, net	1,154,263	155,000	-	1,309,263
Right of use asset - operating lease	132,946	-	-	132,946
Total Assets	\$ 3,451,950	\$ 193,641	\$ (21,416)	\$ 3,624,175
<u>Liabilities and Net Assets</u>				
Current Liabilities				
Current portion of long-term debt	\$ -	\$ 4,944	\$ -	\$ 4,944
Accounts payable	148,239	14,414	-	162,653
Due from Inspiration	-	21,416	(21,416)	-
Security deposits	-	5,027	-	5,027
Accrued payroll and related expenses	83,789	-	-	83,789
Lease liability	132,946	-	-	132,946
Total current liabilities	364,974	45,801	(21,416)	389,359
Escrow liabilities	-	25,163	-	25,163
Long-term debt, net of current portion	-	185,336	-	185,336
Total liabilities	364,974	256,300	(21,416)	599,858
Net Assets				
Without donor restrictions	2,172,397	(62,659)	-	2,109,738
With donor restrictions	914,579	-	-	914,579
Total net assets	3,086,976	(62,659)	-	3,024,317
Total Liabilities and Net Assets	\$ 3,451,950	\$ 193,641	\$ (21,416)	\$ 3,624,175

INSPIRATION CORPORATION
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Inspiration		King Dr.		Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
<u>Public Support and Revenue</u>							
Contributions							
Foundation	\$ 525,329	\$ 480,000	\$ -	\$ -	\$ 525,329	\$ 480,000	\$ 1,005,329
Corporation	244,949	-	-	-	244,949	-	244,949
Individual	726,287	-	-	-	726,287	-	726,287
Government grants	2,590,340	-	42,912	-	2,633,252	-	2,633,252
In Kind materials	65,317	-	-	-	65,317	-	65,317
Donated services	87,613	-	-	-	87,613	-	87,613
Other revenue	4,248	-	983	-	5,231	-	5,231
Programs							
Revenue	175,813	-	60,058	-	235,871	-	235,871
Less cost of goods sold	(45,883)	-	-	-	(45,883)	-	(45,883)
Net revenues from programs	129,930	-	60,058	-	189,988	-	189,988
Special Events							
Sponsorships and ticket revenue	210,926	-	-	-	210,926	-	210,926
Less costs of direct benefits	(74,734)	-	-	-	(74,734)	-	(74,734)
Net revenues from special events	136,192	-	-	-	136,192	-	136,192
Net assets released from restrictions	473,441	(473,441)	-	-	473,441	(473,441)	-
Total Public Support and Revenue	4,983,646	6,559	103,953	-	5,087,599	6,559	5,094,158
<u>Expenses</u>							
Program Services							
Training	1,314,576	-	-	-	1,314,576	-	1,314,576
Meals and supportive services	719,020	-	-	-	719,020	-	719,020
Housing	1,688,956	-	125,579	-	1,814,535	-	1,814,535
Total program services	3,722,552	-	125,579	-	3,848,131	-	3,848,131
Management and general	635,946	-	-	-	635,946	-	635,946
Fundraising	439,165	-	-	-	439,165	-	439,165
Total Expenses	4,797,663	-	125,579	-	4,923,242	-	4,923,242
Change in Net Assets	185,983	6,559	(21,626)	-	164,357	6,559	170,916
Net assets, beginning of year	1,986,414	908,020	(41,033)	-	1,945,381	908,020	2,853,401
Net assets, end of year	<u>\$ 2,172,397</u>	<u>\$ 914,579</u>	<u>\$ (62,659)</u>	<u>\$ -</u>	<u>\$ 2,109,738</u>	<u>\$ 914,579</u>	<u>\$ 3,024,317</u>

INSPIRATION CORPORATION AND
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Program Services					Supporting Services			
	Training	Meals and Supportive Services	Housing	King Drive Housing	Total Housing	Total Program	Management and General	Fundraising	Total
Salaries	\$ 634,964	\$ 378,869	\$ 520,289	\$ -	\$ 520,289	\$ 1,534,122	\$ 331,451	\$ 305,002	\$ 2,170,575
Payroll taxes and employee benefits	147,170	61,616	110,484	317	110,801	319,587	111,759	56,489	487,835
Management fee	-	-	-	8,703	8,703	8,703	-	-	8,703
Professional fees	171,071	11,023	12,311	10,025	22,336	204,430	114,765	1,134	320,329
Rent subsidies	-	-	766,938	-	766,938	766,938	-	-	766,938
Direct support	59,254	4,136	109,023	-	109,023	172,413	-	-	172,413
Occupancy	59,821	63,466	48,559	53,740	102,299	225,586	21,895	18,802	266,283
Communications	10,718	5,748	18,688	-	18,688	35,154	5,157	2,923	43,234
Supplies	19,900	3,843	11,485	2,666	14,151	37,894	7,089	17,468	62,451
Program supplies	3,912	152,381	4,835	-	4,835	161,128	621	6,298	168,047
Equipment rental and maintenance	19,960	9,558	1,760	22,780	24,540	54,058	1,905	553	56,516
Marketing	323	-	-	-	-	323	-	3,514	3,837
Insurance	26,377	7,172	33,726	6,684	40,410	73,959	15,874	7,090	96,923
Printing and postage	1,539	2,093	893	-	893	4,525	1,081	6,698	12,304
Transportation	1,785	226	5,706	-	5,706	7,717	460	127	8,304
Staff development	3,487	765	7,015	-	7,015	11,267	10,148	258	21,673
Dues and subscriptions	11,804	4,470	11,512	-	11,512	27,786	2,270	4,331	34,387
Interest and bank fees	119	-	-	12,498	12,498	12,617	4,345	6,717	23,679
Depreciation	141,440	13,654	23,732	7,500	31,232	186,326	2,074	1,761	190,161
Bad debt	-	-	-	-	-	-	4,058	-	4,058
Miscellaneous	932	-	2,000	666	2,666	3,598	994	-	4,592
Total Expenses	\$ 1,314,576	\$ 719,020	\$ 1,688,956	\$ 125,579	\$ 1,814,535	\$ 3,848,131	\$ 635,946	\$ 439,165	\$ 4,923,242

**REPORTS REQUIRED BY
OMB'S UNIFORM GUIDANCE**

INSPIRATION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Contract Number	Pass-through to Subrecipients	Disbursements or Expenditures
U.S. Department of Housing and Urban Development				
Continuum of Care Program	14.267	N/A	\$ -	\$ 1,061,898
			-	1,061,898
Passed through City of Chicago Department of Family and Support Services				
Community Development Block Grants/Entitlement Grants	14.218	174298	-	12,968
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	158754	-	11,579
			-	24,547
Total U.S. Department of Housing and Urban Development			-	1,086,445
U.S. Department of Agriculture - Food and Nutrition Service				
Passed through Illinois Department of Human Services				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	FCSBG06608	-	324,469
Total U.S. Department of Agriculture- Food and Nutrition Service			- (1)	324,469
U.S. Department of Health and Human Services				
Passed through City of Chicago Department of Family and Support Services				
Community Services Block Grant				
1/1/2022 - 12/31/2022	93.569	177528	-	104,293
1/1/2023 - 12/31/2023	93.569	177528	-	87,814
Total U.S. Department of Health and Human Services			-	192,107
U.S. Department of Treasury				
Passed through Illinois Department of Human Services				
Coronavirus State and Local Fiscal Recovery Funds	21.027	FCSBH06333	-	100,000
Passed through Illinois Department of Commerce and Economic Opportunity				
Coronavirus State and Local Fiscal Recovery Funds	21.027	21-417019	-	267,586
Total U.S. Department of Treasury			- (1)	367,586
U.S. Department of Homeland Security				
Passed through United Way Metro Chicago				
Emergency Food and Shelter National Board Program	97.024	Phase ARPA-R and Phase 40	-	112,000
Total U.S. Department of Homeland Security			-	112,000
Total Expenditures of Federal Awards			\$ -	\$ 2,082,607

(1) Major Program

See independent auditor's report and notes to financial statements.

INSPIRATION CORPORATION
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the Federal grant activity of Inspiration Corporation (the “Organization”), under programs of the federal government for the year June 30, 2023. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because this schedule presents only a selected portion of the operations of Inspiration Corporation it is not intended to and does not present the financial position, changes in net assets or cash flows of Inspiration Corporation.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *2 CFR Part 230 – Cost Principles for Non-Profit Organizations (OMB Circular A-122)*, wherein certain types or expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Organization has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Sub-Recipients

Inspiration Corporation did not provide any federal awards to sub-recipients during the year ended June 30, 2023.

Note 4 – Small Business Administration

Amount of non – cash assistance	None
Amount of insurance	None
Amount of loans	None
Amount of loan guarantees	None



Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Board of Directors of
Inspiration Corporation
Chicago, IL

We have audited in accordance with auditing standards accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Inspiration Corporation (the Organization) and its Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statement of activities, functional expenses and cash flows for the year then ended, and the related consolidated notes to the financial statements, and have issued our report thereon dated March 5, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Desmond & Ahern, Ltd

March 5, 2024
Chicago, IL



Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**Independent Auditor's Report on Compliance for
Each Major Federal Program and Report on Internal
Control over Compliance Required by the Uniform Guidance**

To the Board of Directors
Inspiration Corporation
Chicago, IL

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Inspiration Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Inspiration Corporation's major federal programs for the year ended June 30, 2023. Inspiration Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Inspiration Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Inspiration Corporation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Inspiration Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Inspiration Corporation's federal programs.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Inspiration Corporation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Inspiration Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Inspiration Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Inspiration Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Inspiration Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance

requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Desmond & Ahern, Ltd

March 5, 2024
Chicago, IL

INSPIRATION CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified? _____ yes X no

• Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

• Material weakness(es) identified? _____ yes X no

• Significant deficiencies identified that are not considered to be weakness(es)? _____ yes X no

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance under 2 CFR section 200.516 (a)? _____ yes X no

Certification of Major Programs

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B Programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

INSPIRATION CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Federal Award Findings and Questioned Costs – Prior Year

None