

INSPIRATION CORPORATION

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

**For the Year Ended
June 30, 2022**

Inspiration Corporation

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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, 2022, 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, 2022, 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 7, 2023 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 January 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Desmond & Ahern, Ltd

March 7, 2023
Chicago, IL

INSPIRATION CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 736,364	\$ 931,710
Accounts receivable	55,225	37,038
Grant and contributions receivable, current portion	443,035	720,796
Due from government agencies	461,706	267,958
Prepaid expenses	16,041	18,319
Total current assets	<u>1,712,371</u>	<u>1,975,821</u>
 Restricted cash	 26,901	 24,600
Grants and contributions receivable, net of current portion	160,000	75,000
Property and equipment, net	<u>1,440,164</u>	<u>1,523,114</u>
Total Assets	<u>\$ 3,339,436</u>	<u>\$ 3,598,535</u>
 <u>Liabilities and Net Assets</u>		
Current Liabilities		
Current portion of long-term debt	\$ 4,668	\$ 4,408
Accounts payable	49,765	158,627
Security deposits	4,848	4,050
Refundable advances	134,231	174,574
Refundable advance - paycheck protection program	-	386,495
Accrued payroll and related expenses	77,079	61,424
Deferred rent	-	1,350
Total current liabilities	<u>270,591</u>	<u>790,928</u>
 Escrow liabilities	 25,163	 25,163
Long-term debt, net of current portion	<u>190,281</u>	<u>194,949</u>
Total liabilities	<u>486,035</u>	<u>1,011,040</u>
 Net Assets		
Without donor restrictions	1,945,381	1,708,430
With donor restrictions	<u>908,020</u>	<u>879,065</u>
Total net assets	<u>2,853,401</u>	<u>2,587,495</u>
Total Liabilities and Net Assets	<u>\$ 3,339,436</u>	<u>\$ 3,598,535</u>

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

INSPIRATION CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022 (with summarized comparative totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<u>Public Support and Revenue</u>				
Contributions				
Foundation	\$ 663,899	\$ 537,500	\$ 1,201,399	\$ 1,320,350
Corporation	120,849	10,000	130,849	240,312
Individual	552,028	-	552,028	1,386,822
Government grants	2,146,668	-	2,146,668	1,830,783
PPP loan	386,495	-	386,495	-
In-kind material	77,568	-	77,568	50,497
Donated services	43,457	-	43,457	89,944
Other revenue without restrictions	8,576	-	8,576	2,953
Programs				
Revenue	181,908	-	181,908	133,448
Less cost of goods sold	(19,549)	-	(19,549)	(9,462)
Net revenues from programs	162,359	-	162,359	123,986
Special Events				
Sponsorships and ticket revenue	174,551	-	174,551	144,140
Less costs of direct benefits	(59,778)	-	(59,778)	(15,179)
Net revenues from special events	114,773	-	114,773	128,961
Net assets released from restrictions	518,545	(518,545)	-	-
Total Public Support and Revenue	4,795,217	28,955	4,824,172	5,174,608
<u>Expenses</u>				
Program Services				
Training	1,055,156	-	1,055,156	996,651
Meals and supportive services	661,973	-	661,973	699,086
Housing	1,821,691	-	1,821,691	1,580,350
Total program services	3,538,820	-	3,538,820	3,276,087
Management and general	557,881	-	557,881	496,865
Fundraising	461,565	-	461,565	382,797
Total Expenses	4,558,266	-	4,558,266	4,155,749
Change in Net Assets	236,951	28,955	265,906	1,018,859
Net assets, beginning of year	1,708,430	879,065	2,587,495	1,568,636
Net assets, end of year	\$ 1,945,381	\$ 908,020	\$ 2,853,401	\$ 2,587,495

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

INSPIRATION CORPORATION**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES****For the Year Ended June 30, 2022 (with summarized comparative totals for 2021)**

	Program	Management and General	Fundraising	2022 Total	2021 Total
Salaries	\$ 1,411,648	\$ 307,439	\$ 305,141	\$ 2,024,228	\$ 1,837,010
Payroll taxes and employee benefits	299,428	81,408	56,424	437,260	310,042
Management fee	8,077	-	-	8,077	7,089
Professional fees	131,569	86,410	1,883	219,862	363,212
Rent subsidies	730,945	-	-	730,945	672,759
Direct support	140,049	-	-	140,049	115,681
Occupancy	214,412	21,592	19,682	255,686	262,858
Communications	37,140	6,175	3,625	46,940	45,417
Supplies	31,928	10,812	20,593	63,333	50,999
Program supplies	159,817	6,302	13,540	179,659	129,791
Equipment rental and maintenance	52,455	1,723	1,132	55,310	38,560
Marketing	5	-	7,967	7,972	1,978
Insurance	67,180	12,477	6,109	85,766	65,939
Printing and postage	3,661	2,319	11,026	17,006	10,180
Transportation	8,095	173	73	8,341	6,202
Staff development	23,667	5,688	2,792	32,147	1,385
Dues and subscriptions	12,225	2,802	3,751	18,778	12,735
Interest and bank fees	15,761	6,302	5,655	27,718	26,988
Depreciation	185,935	2,501	2,172	190,608	184,220
Bad debt	-	3,071	-	3,071	7,993
Miscellaneous	4,823	687	-	5,510	4,711
Total Expenses	\$ 3,538,820	\$ 557,881	\$ 461,565	\$ 4,558,266	\$ 4,155,749

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

INSPIRATION CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022 and 2021

	2022	2021
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ 265,906	\$ 1,018,859
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	190,608	184,220
(Increase) decrease in assets		
Accounts receivable	(18,187)	(7,321)
Grants and contributions receivable	192,761	(639,248)
Due from government agencies	(193,748)	(56,646)
Prepaid expenses	2,278	(2,263)
Increase (decrease) in liabilities		
Accounts payable	(108,862)	88,303
Security deposit	798	(48)
Refundable advances	(40,343)	(32,532)
Refundable advance- paycheck protection program	(386,495)	-
Accrued payroll and related	15,655	(6,238)
Deferred rent	(1,350)	1,350
Cash provided by (used in) operating activities	(80,979)	548,436
<u>Cash Flows from Investing Activities</u>		
Acquisition of property and equipment	(107,658)	(45,465)
Cash used in investing activities	(107,658)	(45,465)
<u>Cash Flows from Financing Activities</u>		
Repayments of long-term debt	(4,408)	(4,183)
Cash used in financing activities	(4,408)	(4,183)
Increase (decrease) in cash and cash equivalents	(193,045)	498,788
Cash and cash equivalents, beginning of year	956,310	457,522
Cash and cash equivalents, end of year	\$ 763,265	\$ 956,310
Consists of:		
Cash and cash equivalents (current)	\$ 736,364	\$ 931,710
Restricted cash	26,901	24,600
Total cash and cash equivalents	\$ 763,265	\$ 956,310
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid during the year for interest	\$ 13,043	\$ 21,534

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

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

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:

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 150 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 - While Inspiration Cafe traditionally served meals in a restaurant-style setting, we have modified and expanded meals production at Inspiration Cafe to help meet the rising needs resulting from the pandemic. The Cafe is traditionally open to our participants every day of the year 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. To learn more about volunteering to cook or serve a meal at Inspiration Cafe in the future, [click here](#). We hope to welcome volunteers back soon!

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 transaction 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.

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.

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

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

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.

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, 2022.

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.

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.

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

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

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, 2022 no such gifts of land, buildings, or equipment were received.

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

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

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

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 2022 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 has \$134,231 in refundable advances from one government agency recorded at June 30, 2022.

Certain Vulnerabilities and Concentrations

The Organization's total revenue for the year ended June 30, 2022 amounted to \$4,824,172. Of this amount, approximately 20% was received from the U.S. Department of Housing and Urban Development and 26% was received from four foundations. These funding sources also represented approximately 52% of the total receivable balance at June 30, 2022.

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 \$43,457 of contributed professional legal services in 2022, 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 \$77,568 of food and other supplies used in program operations in 2022 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.

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

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

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

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.

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 7, 2023, 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, 2022, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets at June 30, 2022	
Cash and cash equivalents	\$ 763,265
Accounts and contributions receivable	658,260
Due from government agencies	461,706
Total financial assets available	<u>1,883,231</u>
Less restricted cash - debt reserves	(26,901)
Less net assets with donor restrictions	(908,020)
Add back time restrictions to be received next year	220,000
Total financial assets available within one year	<u><u>\$ 1,168,310</u></u>
Additional liquidity resources:	
Unused line of credit	<u><u>\$ 350,000</u></u>

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

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

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

credit as needed to meet cash flow needs. During the year ended June 30, 2022 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, 2022:

		Depreciable Life - Years
Buildings and building improvements	\$ 3,057,651	20
Land	60,000	-
Furniture and equipment	209,149	5
Vehicles	160,818	5
Total cost	3,487,618	
Accumulated depreciation	2,047,454	
Net property and equipment	<u>\$ 1,440,164</u>	

Depreciation expense was \$190,608 for 2022.

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 \$603,035 are due as follows:

<u>Fiscal Year</u>	
2023	\$ 443,035
2024	160,000
	<u>\$ 603,035</u>

The Organization believes that all pledge receivables are fully collectible; therefore, no reserve has been recorded as of June 30, 2022.

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.

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

Note 5 – Due from Governmental Agencies (cont.)

The Organization believes that the amounts due from governmental agencies are fully collectible; therefore, no reserve has been recorded as of June 30, 2022.

Additionally, at June 30, 2022, the Organization received approximately \$451,534 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 2022, 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, 2022. Interest was payable monthly at the rate of six percent on June 30, 2022. The line of credit is secured by the Organization's outstanding accounts receivable. The note was renewed in 2022 and again in 2023 and now expires January 26, 2024.

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>
2023	\$ 4,668
2024	4,944
2025	5,236
2026	5,545
2027	5,872
Therafter	168,684
Total	<u>\$ 194,949</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, 2022, these accounts amounted to \$26,901, and are reflected as restricted cash on the Consolidated Statement of Financial Position.

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2022

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 are restricted for the following:

Contributions restricted for time	\$ 530,000
Contributions restricted for purpose	378,020
	<u>\$ 908,020</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 \$23,742 for the year ended June 30, 2022.

Note 10 – Leases

The Organization leases office space under a non-cancellable operating arrangement. These lease expires June 2024. Rental expense for the fiscal year ended June 30, 2022 totaled \$130,650.

Future minimum lease payments under this lease are due as follows:

2023	\$ 135,000
2024	135,000
	<u>\$ 270,000</u>

Note 11 – Paycheck Protection Loan

In April 2020, the Organization received loan proceeds in the amount of \$386,495 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization has been using the proceeds for purposes consistent with the PPP and elected to follow ASC 958-605 and record the loan as a refundable advance where once forgiveness conditions are substantially met or explicitly waived, the entity would reduce the refundable advance and record a contribution for the amount forgiven. As of June 30, 2022, the full \$386,495 was forgiven and is recorded as income on the Statement of Activities.

SUPPLEMENTARY INFORMATION

INSPIRATION CORPORATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2022

	Inspiration	King Dr	Elimination	Consolidated
<u>Assets</u>				
Current Assets				
Cash and cash equivalents	\$ 735,841	\$ 523	\$ -	\$ 736,364
Accounts receivable	45,853	9,372	-	55,225
Grant and contributions receivable, current portion	443,035	-	-	443,035
Due from government agencies	461,706	-	-	461,706
Due from King Drive.	5,893	-	(5,893)	-
Prepaid expenses	12,610	3,431	-	16,041
Total current assets	1,704,938	13,326	(5,893)	1,712,371
Restricted cash	-	26,901	-	26,901
Grants and contributions receivable, net of current	160,000	-	-	160,000
Property and equipment, net	1,277,664	162,500	-	1,440,164
Total Assets	\$ 3,142,602	\$ 202,727	\$ (5,893)	\$ 3,339,436
<u>Liabilities and Net Assets</u>				
Current Liabilities				
Current portion of long-term debt	\$ -	\$ 4,668	\$ -	\$ 4,668
Accounts payable	36,858	12,907	-	49,765
Due from Inspiration	-	5,893	(5,893)	-
Security deposits	-	4,848	-	4,848
Refundable advances	134,231	-	-	134,231
Accrued payroll and related expenses	77,079	-	-	77,079
Total current liabilities	248,168	28,316	(5,893)	270,591
Escrow liabilities	-	25,163	-	25,163
Long-term debt, net of current portion	-	190,281	-	190,281
Total liabilities	248,168	243,760	(5,893)	486,035
Net Assets				
Without donor restrictions	1,986,414	(41,033)	-	1,945,381
With donor restrictions	908,020	-	-	908,020
Total net assets	2,894,434	(41,033)	-	2,853,401
Total Liabilities and Net Assets	\$ 3,142,602	\$ 202,727	\$ (5,893)	\$ 3,339,436

INSPIRATION CORPORATION
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	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	\$ 663,899	\$ 537,500	\$ -	\$ -	\$ 663,899	\$ 537,500	\$ 1,201,399
Corporation	120,849	10,000	-	-	120,849	10,000	130,849
Individual	552,028	-	-	-	552,028	-	552,028
Government grants	2,102,024	-	44,644	-	2,146,668	-	2,146,668
PPP loan	386,495	-	-	-	386,495	-	386,495
In Kind materials	77,568	-	-	-	77,568	-	77,568
Donated services	43,457	-	-	-	43,457	-	43,457
Other revenue	6,975	-	1,601	-	8,576	-	8,576
Programs							
Revenue	125,917	-	55,991	-	181,908	-	181,908
Less cost of goods sold	(19,549)	-	-	-	(19,549)	-	(19,549)
Net revenues from programs	106,368	-	55,991	-	162,359	-	162,359
Special Events							
Sponsorships and ticket revenue	174,551	-	-	-	174,551	-	174,551
Less costs of direct benefits	(59,778)	-	-	-	(59,778)	-	(59,778)
Net revenues from special events	114,773	-	-	-	114,773	-	114,773
Net assets released from restrictions	518,545	(518,545)	-	-	518,545	(518,545)	-
Total Public Support and Revenue	4,692,981	28,955	102,236	-	4,795,217	28,955	4,824,172
<u>Expenses</u>							
Program Services							
Training	1,055,156	-	-	-	1,055,156	-	1,055,156
Meals and supportive services	661,973	-	-	-	661,973	-	661,973
Housing	1,709,954	-	111,737	-	1,821,691	-	1,821,691
Total program services	3,427,083	-	111,737	-	3,538,820	-	3,538,820
Management and general	557,881	-	-	-	557,881	-	557,881
Fundraising	461,565	-	-	-	461,565	-	461,565
Total Expenses	4,446,529	-	111,737	-	4,558,266	-	4,558,266
Change in Net Assets	246,452	28,955	(9,501)	-	236,951	28,955	265,906
Net assets, beginning of year	1,739,962	879,065	(31,532)	-	1,708,430	879,065	2,587,495
Net assets, end of year	<u>\$ 1,986,414</u>	<u>\$ 908,020</u>	<u>\$ (41,033)</u>	<u>\$ -</u>	<u>\$ 1,945,381</u>	<u>\$ 908,020</u>	<u>\$ 2,853,401</u>

**INSPIRATION CORPORATION AND
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022**

	Program Services					Supporting Services			
	Training	Meals and Supportive Services	Housing	King Drive Housing	Total Housing	Total Program	Management and General	Fundraising	Total
Salaries	\$ 464,837	\$ 350,864	\$ 595,947	\$ -	\$ 595,947	\$ 1,411,648	\$ 307,439	\$ 305,141	\$ 2,024,228
Payroll taxes and employee benefits	112,441	64,067	122,920	-	122,920	299,428	81,408	56,424	437,260
Management fee	-	-	-	8,077	8,077	8,077	-	-	8,077
Professional fees	105,651	9,941	4,016	11,961	15,977	131,569	86,410	1,883	219,862
Rent subsidies	-	-	730,945	-	730,945	730,945	-	-	730,945
Direct support	53,151	8,752	78,146	-	78,146	140,049	-	-	140,049
Occupancy	60,759	61,730	47,239	44,684	91,923	214,412	21,592	19,682	255,686
Communications	9,245	5,399	22,496	-	22,496	37,140	6,175	3,625	46,940
Supplies	14,400	3,712	11,101	2,715	13,816	31,928	10,812	20,593	63,333
Program supplies	28,600	122,668	8,549	-	8,549	159,817	6,302	13,540	179,659
Equipment rental and maintenance	28,144	7,611	2,824	13,876	16,700	52,455	1,723	1,132	55,310
Marketing	5	-	-	-	-	5	-	7,967	7,972
Insurance	17,053	6,157	34,563	9,407	43,970	67,180	12,477	6,109	85,766
Printing and postage	1,365	1,625	671	-	671	3,661	2,319	11,026	17,006
Transportation	1,310	1,605	5,180	-	5,180	8,095	173	73	8,341
Staff development	6,943	3,631	13,093	-	13,093	23,667	5,688	2,792	32,147
Dues and subscriptions	3,899	200	8,126	-	8,126	12,225	2,802	3,751	18,778
Interest and bank fees	2,500	190	28	13,043	13,071	15,761	6,302	5,655	27,718
Depreciation	141,325	13,621	23,489	7,500	30,989	185,935	2,501	2,172	190,608
Bad debt	-	-	-	-	-	-	3,071	-	3,071
Miscellaneous	3,528	200	621	474	1,095	4,823	687	-	5,510
Total Expenses	\$ 1,055,156	\$ 661,973	\$ 1,709,954	\$ 111,737	\$ 1,821,691	\$ 3,538,820	\$ 557,881	\$ 461,565	\$ 4,558,266

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

INSPIRATION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

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)	\$ 1,103,278
			-	1,103,278
Passed through				
City of Chicago Department of Family and Support Services				
Community Development Block Grants/Entitlement Grants	14.218	85472/174298	-	19,596
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	158754	-	27,635
			-	47,231
COVID-19 Emergency Solutions Grant Program	14.231	146604/177939	-	8,737
			-	55,968
Total U.S. Department of Housing and Urban Development			-	1,159,246
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	FCSAG05231	-	252,661
Total U.S. Department of Agriculture- Food and Nutrition Service			-	252,661
U.S. Department of Health and Human Services				
Passed through				
City of Chicago Department of Family and Support Services				
Community Services Block Grant				
1/1/2021 - 12/31/2021	93.569	85623	-	84,385
1/1/2022 - 12/31/2022	93.569	85623	-	71,832
Total U.S. Department of Health and Human Services			-	156,217
U.S. Department of Treasury				
Passed through				
Illinois Department of Human Services				
Coronavirus State and Local Fiscal Recovery Funds	21.027	FCSAG05231	-	23,998
Total U.S. Department of Treasury			-	23,998
U.S. Department of Homeland Security				
Passed through				
United Way Metro Chicago				
Emergency Food and Shelter National Board Program	97.024	LRO #237800-162	-	38,850
Total U.S. Department of Homeland Security			-	38,850
Total Expenditures of Federal Awards			\$ -	\$ 1,630,972

(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, 2022

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, 2022. 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, 2022.

Note 4 – Small Business Administration

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

**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, 2022, 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 7, 2023.

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 & Allen, Ltd

March 7, 2023
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, 2022. 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, 2022.

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 7, 2023
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

CFDA Number (s)

14.267

Name of Federal Program or Cluster

Continuum of Care

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