

INSPIRATION CORPORATION

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

**For the Year Ended
June 30, 2024**

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) and 5840 S. Dr. Martin Luther King Drive LLC (its wholly owned subsidiary) (collectively, *Inspiration Corporation*), which comprise the consolidated statement of financial position as of June 30, 2024, 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 consolidated financial position of Inspiration Corporation as of June 30, 2024, 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 19, 2025 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 and compliance.

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 consolidated financial statements in our report dated March 5, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Desmond & Ahern, Ltd

March 19, 2025
Chicago, IL

INSPIRATION CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2024 (with comparative totals for 2023)

	2024	2023
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 239,740	\$ 967,435
Accounts receivable	78,979	57,953
Grant and contributions receivable, current portion	165,670	497,500
Due from government agencies	815,050	608,385
Prepaid expenses	19,934	19,694
Total current assets	<u>1,319,373</u>	<u>2,150,967</u>
Restricted cash	19,166	30,999
Grants and contributions receivable, net of current portion	15,000	-
Property and equipment, net	1,328,794	1,309,263
Right of use asset - operating lease	393,447	132,946
Total Assets	<u><u>\$ 3,075,780</u></u>	<u><u>\$ 3,624,175</u></u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Current portion of long-term debt	\$ 5,236	\$ 4,944
Accounts payable	156,322	162,653
Security deposits	4,809	5,027
Accrued payroll and related expenses	94,851	83,789
Operating lease liability, current portion	123,718	132,946
Total current liabilities	<u>384,936</u>	<u>389,359</u>
Escrow liabilities	25,163	25,163
Long-term debt, net of current portion	180,100	185,336
Operating lease liability, net of current	269,729	-
Total liabilities	<u>859,928</u>	<u>599,858</u>
Net Assets		
Without donor restrictions	1,870,852	2,109,738
With donor restrictions	345,000	914,579
Total net assets	<u>2,215,852</u>	<u>3,024,317</u>
Total Liabilities and Net Assets	<u><u>\$ 3,075,780</u></u>	<u><u>\$ 3,624,175</u></u>

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

INSPIRATION CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024 (with summarized comparative totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
<u>Public Support and Revenue</u>				
Contributions				
Foundation	\$ 529,831	\$ 95,000	\$ 624,831	\$ 1,005,329
Corporation	166,761	-	166,761	244,949
Individual	624,574	-	624,574	726,287
Government grants	2,631,398	-	2,631,398	2,633,252
In-kind materials	35,338	-	35,338	65,317
Donated services	138,395	-	138,395	87,613
Other revenue without restrictions	4,909	-	4,909	5,231
Programs				
Revenue	257,928	-	257,928	235,871
Less cost of goods sold	(59,032)	-	(59,032)	(45,883)
Net revenues from programs	198,896	-	198,896	189,988
Special Events				
Sponsorships and ticket revenue	194,467	-	194,467	210,926
Less costs of direct benefits	(76,137)	-	(76,137)	(74,734)
Net revenues from special events	118,330	-	118,330	136,192
Net assets released from restrictions	664,579	(664,579)	-	-
Total Public Support and Revenue	5,113,011	(569,579)	4,543,432	5,094,158
<u>Expenses</u>				
Program Services				
Training	1,482,998	-	1,482,998	1,314,576
Meals and supportive services	784,218	-	784,218	719,020
Housing	1,799,514	-	1,799,514	1,814,535
Total program services	4,066,730	-	4,066,730	3,848,131
Management and general	804,089	-	804,089	635,946
Fundraising	481,078	-	481,078	439,165
Total Expenses	5,351,897	-	5,351,897	4,923,242
Change in Net Assets	(238,886)	(569,579)	(808,465)	170,916
Net assets, beginning of year	2,109,738	914,579	3,024,317	2,853,401
Net assets, end of year	<u>\$ 1,870,852</u>	<u>\$ 345,000</u>	<u>\$ 2,215,852</u>	<u>\$ 3,024,317</u>

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

INSPIRATION CORPORATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024 (with summarized comparative totals for 2023)

	Program	Management and General	Fundraising	2024 Total	2023 Total
Salaries and wages	\$ 1,756,849	\$ 404,583	\$ 340,065	\$ 2,501,497	\$ 2,170,575
Payroll taxes and employee benefits	358,577	126,064	57,260	541,901	487,835
Management fee	6,834	-	-	6,834	8,703
Professional fees	214,641	192,280	4,902	411,823	320,329
Rent subsidies	740,736	-	-	740,736	766,938
Direct support	154,554	-	85	154,639	172,413
Occupancy	222,719	26,334	23,459	272,512	266,283
Communications	32,170	4,897	2,883	39,950	43,234
Supplies	36,312	8,881	17,235	62,428	62,451
Program supplies	137,406	228	6,843	144,477	168,047
Equipment rental and maintenance	53,443	934	658	55,035	56,516
Marketing	550	-	-	550	3,837
Insurance	92,890	17,209	8,123	118,222	96,923
Printing and postage	4,293	896	7,499	12,688	12,304
Transportation	7,088	1,159	48	8,295	8,304
Staff development	3,266	6,964	-	10,230	21,673
Dues and subscriptions	10,979	5,662	4,069	20,710	34,387
Interest and bank fees	12,559	5,599	6,298	24,456	23,679
Depreciation	208,754	1,903	1,651	212,308	190,161
Bad debt	8,038	-	-	8,038	4,058
Miscellaneous	4,072	496	-	4,568	4,592
Total Expenses	\$ 4,066,730	\$ 804,089	\$ 481,078	\$ 5,351,897	\$ 4,923,242

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

INSPIRATION CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024 (with comparative totals for 2023)

	2024	2023
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ (808,465)	\$ 170,916
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	212,308	190,161
(Increase) decrease in assets		
Accounts receivable	(21,026)	(2,728)
Grants and contributions receivable	316,830	105,535
Due from government agencies	(206,665)	(146,679)
Prepaid expenses	(240)	(3,653)
Increase (decrease) in liabilities		
Accounts payable	(6,331)	112,888
Security deposit	(218)	179
Refundable advances	-	(134,231)
Accrued payroll and related	11,062	6,710
Cash provided by (used in) operating activities	(502,745)	299,098
<u>Cash Flows from Investing Activities</u>		
Acquisition of property and equipment	(231,839)	(59,260)
Cash used in investing activities	(231,839)	(59,260)
<u>Cash Flows from Financing Activities</u>		
Repayments of long-term debt	(4,944)	(4,669)
Cash used in financing activities	(4,944)	(4,669)
Increase (decrease) in cash and cash equivalents	(739,528)	235,169
Cash and cash equivalents, beginning of year	998,434	763,265
Cash and cash equivalents, end of year	\$ 258,906	\$ 998,434
Consists of:		
Cash and cash equivalents (current)	\$ 239,740	\$ 967,435
Restricted cash	19,166	30,999
Total cash and cash equivalents	\$ 258,906	\$ 998,434
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash paid during the year for interest	\$ 12,004	\$ 12,498

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

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024

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

Organization

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, 2024

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 6).

Grants and Contributions Receivable/ Due from Government Agencies

Grants and contributions receivable as well as due from government agencies 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, 2024.

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024

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

Accounts Receivable and Allowance for Credit Losses

The Organization evaluates tenant accounts receivable for credit losses in accordance with ASC 606, Revenue from Contracts with Customers, and ASC 326, *Financial Instruments* – Credit Losses. The Organization recognizes an allowance for credit losses based on historical collection trends, aging of outstanding balances, and specific tenant circumstances that may impact collectability.

Tenant accounts receivable represent rental payments due directly from participants in the Organization's housing programs. These receivables are recorded at the amount invoiced, and revenue is recognized when the related housing services are provided. Payments are typically due at the beginning of each rental period.

Management assesses credit risk using a combination of factors, including:

- *Tenant Payment History*: Review of past due balances and collection trends.
- *Aging of Receivables*: Identification of amounts outstanding for extended periods.
- *Economic & Programmatic Factors*: Consideration of government subsidy programs and economic conditions affecting tenants.
- *Specific Identifications*: Review of individual tenant accounts with known financial hardships or eligibility changes.

The Organization records an allowance for credit losses when amounts are determined to be uncollectible. Tenant accounts are written off when all collection efforts have been exhausted, and there is no reasonable expectation of recovery. The allowance for credit losses is reviewed annually and adjusted as necessary to reflect current estimates of expected losses. As of June 30, 2024, no allowance for credit losses was deemed necessary.

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.

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024

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

Income Taxes (cont.)

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, 2024 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.

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, 2024.

Program Revenue

The Organization recognizes program revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Revenue is recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Organization expects to receive.

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024

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

Program Revenue (cont.)

Food Sales: Revenue from meal sales at Inspiration Cafe is recognized at the point in time when meals are served to participants. The transaction price is determined based on menu pricing and reflects the net amount received from participants after any applicable subsidies. Revenue is recorded net of food costs, as meals are provided at subsidized rates. Payment is due at the time of service, and no financing component is present. Given the nature of the transaction, there are no significant contract assets or liabilities.

Tenant Rental Payments: The Organization administers rental subsidy programs in which tenants contribute a portion of the rent based on income eligibility requirements. The portion of rent paid directly by tenants represents an exchange transaction under ASC 606 and is recognized as revenue in the period the housing service is provided. The remaining portion, covered by government subsidies, is recognized in accordance with the terms of the related grant agreements (see support and revenue above). Tenant rental payments are due monthly, typically at the beginning of the rental period, in accordance with lease agreements. Rent payments are generally received within the month due, and there are no significant financing components. Accounts receivable for tenant payments as of June 30, 2024 was \$78,979.

Certain Vulnerabilities and Concentrations

The Organization's total revenue for the year ended June 30, 2024 amounted to \$4,543,432. Of this amount, approximately 40% was received from the U.S. Department of Housing and Urban Development and Illinois Department of Human Services. These funding sources also represented approximately 42% of the total receivable balance at June 30, 2024. 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 \$138,395 of contributed professional legal services in 2024, 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 \$35,338 of food and other supplies used in program operations in 2024 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, 2024

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.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (“ROU”) assets – operating leases and operating lease liability in the statement of financial positions. ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

Lease expense for operating lease payments are recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as an expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position. The Organization also used the practical expedient to not separately allocate lease and non-lease components.

When individual lease contracts do not provide information about the discount rate implicit in the lease, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities. The value of a lease is reflected in the valuation if it is reasonably certain management will exercise an option to extend or terminate a lease.

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 19, 2025, 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.

Adoption of New Accounting Standard

On July 1, 2023, the Organization adopted FASB Accounting Standards Update 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024

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

Adoption of New Accounting Standard (cont.)

accounts receivable. There was no material impact on the Organization's results of operations or financial condition upon adoption of the new standard.

Note 2 – Financial Assets and Liquidity Resources

As of June 30, 2024, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Cash and cash equivalents	\$ 258,906
Accounts and contributions receivable	244,649
Due from government agencies	815,050
Total financial assets available	<u>1,318,605</u>
Less restricted cash - debt reserves	(19,166)
Less net assets with donor restrictions	(345,000)
Add back time restrictions to be received next year	150,000
Total financial assets available within one year	<u>\$ 1,104,439</u>
Additional liquidity resources:	
Unused line of credit	<u>\$ 350,000</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 credit as needed to meet cash flow needs. During the year ended June 30, 2024 the level of liquidity and reserves was managed within the policy requirements.

Note 3 – Grant and Contributions Receivable

The Organization records pledges in the period in which the promise is received. Grant and contributions receivable of \$180,670 are due as follows:

Within one year	\$ 165,670
One to five years	15,000
	<u>\$ 180,670</u>

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024

Note 4 – Property and Equipment

Property and equipment are summarized as follows for the year ended June 30, 2024:

		Depreciable Life - Years
Buildings and building improvements	\$ 3,270,717	20
Land	60,000	-
Furniture and equipment	252,318	5
Vehicles	168,897	5
Total cost	3,751,932	
Accumulated depreciation	2,423,138	
Net property and equipment	<u>\$ 1,328,794</u>	

The Organization had depreciation expense of \$212,308 for the year ended 2024.

Note 5 – Line of Credit

In 2024, under a line of credit agreement, the Organization had available borrowings of \$350,000 from a bank with a variable interest rate which is the prime rate as published by the Wall Street Journal which was 8.5% at June 3, 2024. There was no amount of outstanding borrowings on this line of credit as of June 30, 2024. The line of credit is secured by the Organization's outstanding accounts receivable. The line of credit was renewed in 2024 and again in 2025 and now expires March 26, 2026.

Note 6 – 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 are due as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2025	\$ 5,236
2026	5,545
2027	5,872
2028	6,219
2029	6,586
Therafter	155,878
Total	<u>\$ 185,336</u>

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024

Note 6 – Long-Term Debt (cont.)

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, 2024, these accounts amounted to \$19,166 and are reflected as restricted cash on the Consolidated Statement of Financial Position.

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2024 are restricted for the following:

Housing	\$ 130,000
Meals and food service	65,000
Future periods	150,000
	<u>\$ 345,000</u>

Note 8 – 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 \$54,176 for the year ended June 30, 2024.

Note 9 – Operating Leases

The Organization leases office space under a non-cancellable operating lease arrangement. The lease was extended through June 2027. Monthly lease payments are \$11,580 with an increase to \$11,980 in the last year. Operating right-of-use (“ROU”) assets and lease liabilities as of June 30, 2024 are as follows:

Operating lease right-of-use assets	\$ 393,447
Current operating lease liabilities	\$ 123,718
Noncurrent operating lease liabilities	269,729
Total operating lease liabilities	<u>\$ 393,447</u>

Operating lease costs included in occupancy on the statement of functional expenses for the year ended June 30, 2024 totaled \$200,074 and consist of the following:

Operating lease cost	\$ 135,000
Variable lease cost	65,074
Total lease cost	<u>\$ 200,074</u>

INSPIRATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2024

Note 9 – Operating Leases (cont.)

Cash flow information including the present value of the lease payments to record the extension to the lease are as follows:

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	\$	393,447

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024:

Weighted-average remaining lease term (years)	
Operating leases	3.0
Weighted-average discount rate	
Operating leases	4.52%

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

2025	\$	138,960
2026		138,960
2027		143,760
Total future undiscounted lease payments		421,680
Less: interest		(28,233)
Present value of lease liabilities	\$	393,447

SUPPLEMENTARY INFORMATION

INSPIRATION CORPORATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
June 30, 2024

	Inspiration	King Dr	Elimination	Consolidated
<u>Assets</u>				
Current Assets				
Cash and cash equivalents	\$ 239,184	\$ 556	\$ -	\$ 239,740
Accounts receivable	71,349	7,630	-	78,979
Grant and contributions receivable, current portion	165,670	-	-	165,670
Due from government agencies	815,050	-	-	815,050
Due from King Drive.	34,276	-	(34,276)	-
Prepaid expenses	17,580	2,354	-	19,934
Total current assets	1,343,109	10,540	(34,276)	1,319,373
Restricted cash	-	19,166	-	19,166
Grants and contributions receivable, net of current	15,000	-	-	15,000
Property and equipment, net	1,181,294	147,500	-	1,328,794
Right of use asset - operating lease	393,447	-	-	393,447
Total Assets	\$ 2,932,850	\$ 177,206	\$ (34,276)	\$ 3,075,780
<u>Liabilities and Net Assets</u>				
Current Liabilities				
Current portion of long-term debt	\$ -	\$ 5,236	\$ -	\$ 5,236
Accounts payable	148,835	7,487	-	156,322
Due to Inspiration	-	34,276	(34,276)	-
Security deposits	-	4,809	-	4,809
Accrued payroll and related expenses	94,851	-	-	94,851
Operating lease liability, current portion	123,718	-	-	123,718
Total current liabilities	367,404	51,808	(34,276)	384,936
Escrow liabilities	-	25,163	-	25,163
Long-term debt, net of current portion	-	180,100	-	180,100
Operating lease liability, net of current	269,729	-	-	269,729
Total liabilities	637,133	257,071	(34,276)	859,928
Net Assets				
Without donor restrictions	1,950,717	(79,865)	-	1,870,852
With donor restrictions	345,000	-	-	345,000
Total net assets	2,295,717	(79,865)	-	2,215,852
Total Liabilities and Net Assets	\$ 2,932,850	\$ 177,206	\$ (34,276)	\$ 3,075,780

INSPIRATION CORPORATION
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	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	\$ 529,831	\$ 95,000	\$ -	\$ -	\$ 529,831	\$ 95,000	\$ 624,831
Corporation	166,761	-	-	-	166,761	-	166,761
Individual	624,574	-	-	-	624,574	-	624,574
Government grants	2,596,919	-	34,479	-	2,631,398	-	2,631,398
In Kind materials	35,338	-	-	-	35,338	-	35,338
Donated services	138,395	-	-	-	138,395	-	138,395
Other revenue	3,478	-	1,431	-	4,909	-	4,909
Programs							
Revenue	194,375	-	63,553	-	257,928	-	257,928
Less cost of goods sold	(59,032)	-	-	-	(59,032)	-	(59,032)
Net revenues from programs	135,343	-	63,553	-	198,896	-	198,896
Special Events							
Sponsorships and ticket revenue	194,467	-	-	-	194,467	-	194,467
Less costs of direct benefits	(76,137)	-	-	-	(76,137)	-	(76,137)
Net revenues from special events	118,330	-	-	-	118,330	-	118,330
Net assets released from restrictions	664,579	(664,579)	-	-	664,579	(664,579)	-
Total Public Support and Revenue	5,013,548	(569,579)	99,463	-	5,113,011	(569,579)	4,543,432
<u>Expenses</u>							
Program Services							
Training	1,482,998	-	-	-	1,482,998	-	1,482,998
Meals and supportive services	784,218	-	-	-	784,218	-	784,218
Housing	1,682,845	-	116,669	-	1,799,514	-	1,799,514
Total program services	3,950,061	-	116,669	-	4,066,730	-	4,066,730
Management and general	804,089	-	-	-	804,089	-	804,089
Fundraising	481,078	-	-	-	481,078	-	481,078
Total Expenses	5,235,228	-	116,669	-	5,351,897	-	5,351,897
Change in Net Assets	(221,680)	(569,579)	(17,206)	-	(238,886)	(569,579)	(808,465)
Net assets, beginning of year	2,172,397	914,579	(62,659)	-	2,109,738	914,579	3,024,317
Net assets, end of year	<u>\$ 1,950,717</u>	<u>\$ 345,000</u>	<u>\$ (79,865)</u>	<u>\$ -</u>	<u>\$ 1,870,852</u>	<u>\$ 345,000</u>	<u>\$ 2,215,852</u>

**INSPIRATION CORPORATION AND
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024**

	Program Services					Supporting Services			
	Training	Meals and Supportive Services	Housing	King Drive Housing	Total Housing	Total Program	Management and General	Fundraising	Total
Salaries	\$ 779,917	\$ 429,154	\$ 547,778	\$ -	\$ 547,778	\$ 1,756,849	\$ 404,583	\$ 340,065	\$ 2,501,497
Payroll taxes and employee benefits	177,642	71,099	109,596	240	109,836	358,577	126,064	57,260	541,901
Management fee	-	-	-	6,834	6,834	6,834	-	-	6,834
Professional fees	146,503	33,781	21,872	12,485	34,357	214,641	192,280	4,902	411,823
Rent subsidies	-	-	740,736	-	740,736	740,736	-	-	740,736
Direct support	36,333	7,691	110,530	-	110,530	154,554	-	85	154,639
Occupancy	70,249	66,533	38,196	47,741	85,937	222,719	26,334	23,459	272,512
Communications	11,036	6,003	15,131	-	15,131	32,170	4,897	2,883	39,950
Supplies	20,304	2,821	10,217	2,970	13,187	36,312	8,881	17,235	62,428
Program supplies	4,987	132,269	150	-	150	137,406	228	6,843	144,477
Equipment rental and maintenance	28,656	9,145	6,539	9,103	15,642	53,443	934	658	55,035
Marketing	550	-	-	-	-	550	-	-	550
Insurance	30,994	11,208	41,153	9,535	50,688	92,890	17,209	8,123	118,222
Printing and postage	1,077	2,280	936	-	936	4,293	896	7,499	12,688
Transportation	1,619	248	5,221	-	5,221	7,088	1,159	48	8,295
Staff development	2,159	188	919	-	919	3,266	6,964	-	10,230
Dues and subscriptions	3,929	1,054	5,996	-	5,996	10,979	5,662	4,069	20,710
Interest and bank fees	541	-	14	12,004	12,018	12,559	5,599	6,298	24,456
Depreciation	164,185	9,359	27,710	7,500	35,210	208,754	1,903	1,651	212,308
Bad debt	-	-	-	8,038	8,038	8,038	-	-	8,038
Miscellaneous	2,317	1,385	151	219	370	4,072	496	-	4,568
Total Expenses	\$ 1,482,998	\$ 784,218	\$ 1,682,845	\$ 116,669	\$ 1,799,514	\$ 4,066,730	\$ 804,089	\$ 481,078	\$ 5,351,897

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

INSPIRATION CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Federal ALN	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	\$ -	\$ 1,070,264
			- (1)	1,070,264
Passed through City of Chicago Department of Family and Support Services				
Community Development Block Grants/Entitlement Grants	14.218	174298	-	6,277
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	158754	-	6,760
Total Community Development Block Grants/Entitlement Grants			-	13,037
Total U.S. Department of Housing and Urban Development			-	1,083,301
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	FCSCG06608	-	326,135
Total U.S. Department of Agriculture- Food and Nutrition Service			-	326,135
U.S. Department of Health and Human Services				
Passed through City of Chicago Department of Family and Support Services				
Community Services Block Grant	93.569	177528	-	196,187
Total U.S. Department of Health and Human Services			-	196,187
U.S. Department of Treasury				
Passed through Illinois Department of Human Services				
Coronavirus State and Local Fiscal Recovery Funds	21.027	FCSBH06333	-	132,500
Passed through Illinois Department of Commerce and Economic Opportunity				
Coronavirus State and Local Fiscal Recovery Funds	21.027	21-417019	-	280,592
Total U.S. Department of Treasury and Coronavirus State and Local Fiscal Recovery Funds			-	413,092
U.S. Department of Homeland Security				
Passed through United Way Metro Chicago				
Emergency Food and Shelter National Board Program	97.024	237800-162	-	20,428
Total U.S. Department of Homeland Security			-	20,428
Total Expenditures of Federal Awards			\$ -	\$ 2,039,143

(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, 2024

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, 2024. 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, 2024.

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, 2024, 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 19, 2025.

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 & Akers, Ltd

March 19, 2025
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, 2024. 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, 2024.

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 19, 2025
Chicago, IL

INSPIRATION CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

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>ALN(s)</u>	<u>Name of Federal Program or Cluster</u>
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14.267	Continuum of Care Program
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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, 2024

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Financial Statement Findings – Prior Year

None

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

None