Inspirica, Inc. and Subsidiaries

Consolidated Financial Statements,
Uniform Guidance Schedules, and Connecticut
State Single Audit Schedules Together
With Independent Auditors' Reports

June 30, 2024 and 2023

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Independent Auditors' Report

Board of Directors
Inspirica, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Inspirica, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Inspirica, Inc. and Subsidiaries as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Inspirica, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Inspirica, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Inspirica, Inc. and Subsidiaries' 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 Inspirica, Inc. and Subsidiaries' 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. 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* and the accompanying schedule of expenditures of state financial assistance as required by the State Single Audit Act (C.G.S. Section 4-230 to 4-236), are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2025, on our consideration of Inspirica, Inc. and Subsidiaries internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Inspirica, Inc. and Subsidiaries internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Inspirica, Inc. and Subsidiaries internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

January 28, 2025

Inspirica, Inc. and Subsidiaries

Consolidated Statements of Financial Position

	June 30, 2024	June 30, 2023
ASSETS		
Cash and cash equivalents	$ 1,055,500	$ 1,309,690
Cash held for tenant security deposits	112,856	108,315
Cash held for future capital expenditures	309,829	159,829
Total Cash, Cash Equivalents, and Restricted Cash	1,478,185	1,577,834
Unconditional promises to give, net	116,604	457,223
Government grants receivable	151,721	108,069
Accounts receivable, net of allowance of $15,290 and $26,207	421,388	439,608
Prepaid expenses and other current assets	115,446	91,338
Investments	10,339,795	10,139,991
Restricted deposits and funded reserves	2,625,142	2,509,838
Property and equipment, net	20,228,511	20,705,211
	$ 35,476,792	$ 36,029,112
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,202,474	$ 842,491
Deferred revenue	712	7,498
Security deposits and agency funds	131,677	130,221
Line of credit borrowings, mortgages, and notes payable	6,285,775	6,251,019
Total Liabilities	7,620,638	7,231,229
Net Assets		
Without Donor Restrictions		
Operations	(404,343)	211,981
Board Designated Funds		
RLS Operating Reserve Fund	2,404,688	2,487,284
Capital Reserve Fund	1,351,253	1,407,627
Strategic Plan Fund	796,824	826,307
Total Board Designated Funds	4,552,765	4,721,218
Total Operations and Board Designated Net Assets Without Donor Restrictions	4,148,422	4,933,199
Investment in property and equipment, restricted deposits, and funded reserves, net of related debt and net assets with donor restrictions	15,806,203	16,146,651
Total Net Assets Without Donor Restrictions	19,954,625	21,079,850
With donor restrictions	7,901,529	7,718,033
Total Net Assets	27,856,154	28,797,883
	$ 35,476,792	$ 36,029,112

See Notes to Consolidated Financial Statements

Inspirica, Inc. and Subsidiaries

Consolidated Statements of Activities

	Year Ended June 30, 2024			Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE						
Contributions	$ 1,649,355	$ 220,252	$ 1,869,607	$ 1,447,746	$ 603,163	$ 2,050,909
Government grants	2,698,338	-	2,698,338	2,909,993	-	2,909,993
Client fees and rental income	2,179,789	-	2,179,789	1,978,818	-	1,978,818
Special events, net of direct donor benefits of $79,446 and $80,145	299,726	-	299,726	301,303	-	301,303
Other income	496,713	-	496,713	625,227	-	625,227
Appropriation for expenditure	295,876	-	295,876	333,059	-	333,059
Net assets released from restrictions	394,293	(394,293)	-	858,075	(858,075)	-
Total Operating Revenue	8,014,090	(174,041)	7,840,049	8,454,221	(254,912)	8,199,309
EXPENSES						
Program Services						
Permanent supportive/deeply affordable housing	3,494,398	-	3,494,398	3,028,271	-	3,028,271
New Beginnings Program for Persons Facing Homelessness	2,419,989	-	2,419,989	2,399,834	-	2,399,834
Youth services	326,607	-	326,607	401,109	-	401,109
Mental illness programs	813,921	-	813,921	838,561	-	838,561
Bread & Roses Programs for People Living with HIV/AIDS	512,435	-	512,435	519,493	-	519,493
Education & employment	290,366	-	290,366	319,928	-	319,928
Not-for-profit tenant services	461,800	-	461,800	669,541	-	669,541
Holiday gift collection	18,254	-	18,254	35,002	-	35,002
Total Program Services	8,337,770	-	8,337,770	8,211,739	-	8,211,739
Support Services						
Management and general	674,827	-	674,827	624,312	-	624,312
Fundraising	678,679	-	678,679	598,866	-	598,866
Total Expenses	9,691,276	-	9,691,276	9,434,917	-	9,434,917
Excess (Deficit) of Operating Revenue Over Expenses	(1,677,186)	(174,041)	(1,851,227)	(980,696)	(254,912)	(1,235,608)
NONOPERATING ACTIVITIES						
Investment return, net of appropriation for expenditure	551,961	357,537	909,498	333,038	139,163	472,201
Change in Net Assets	(1,125,225)	183,496	(941,729)	(647,658)	(115,749)	(763,407)
NET ASSETS						
Beginning of year	21,079,850	7,718,033	28,797,883	21,727,508	7,833,782	29,561,290
End of year	$ 19,954,625	$ 7,901,529	$ 27,856,154	$ 21,079,850	$ 7,718,033	$ 28,797,883

See Notes to Consolidated Financial Statements

Inspirica, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services									Support Services			
	Permanent Supportive/ Deeply Affordable Housing	New Beginnings Program for Persons Facing Homelessness	Youth Services	Mental Illness Programs	Bread & Roses Programs for People Living with HIV/AIDS	Education & Employment	Not-for-Profit Tenant Services	Holiday Gift Collection	Total Program Services	Management and General	Fund-raising	Direct Donor Benefits	Total
Expenses													
Salaries and wages	$ 1,443,537	$ 1,307,456	$ 174,328	$ 479,401	$ 305,073	$ 174,328	$ 305,073	$ -	$ 4,189,196	$ 174,328	$ 305,073	$ -	$ 4,668,597
Payroll taxes and benefits	309,668	288,828	29,879	119,515	69,717	49,798	99,596	-	967,001	19,919	69,717	-	1,056,637
Total Salary Related Expenses	1,753,205	1,596,284	204,207	598,916	374,790	224,126	404,669	-	5,156,197	194,247	374,790	-	5,725,234
Other Expenses													
Client support (including meals, rent subsidies, clothing, and other)	34,927	41,156	4,543	11,792	5,284	9,339	11	1,400	108,452	22,593	367	-	131,412
Event production	-	-	-	-	-	-	-	-	-	-	-	79,446	79,446
Program supplies and activities	358	33,086	23,399	2,798	1,838	15,494	14	-	76,987	5,673	344	-	83,004
Travel, meals and accommodation	2,032	1,980	158	1,021	40	1,065	7	1	6,304	147	121	-	6,572
Printing and copying	276	999	243	80	37	106	145	194	2,080	1,707	12,126	-	15,913
Office supplies	15,997	6,640	498	2,275	1,045	480	454	120	27,509	1,556	5,119	-	34,184
Postage	785	1,205	2	475	230	6	52	-	2,755	4	3,031	-	5,790
Telecommunications	32,457	38,582	7,239	10,582	5,992	2,431	3,996	1,289	102,568	4,698	2,963	-	110,229
Legal and accounting	34,952	56,089	3,231	24,303	11,142	2,328	2,775	123	134,943	109,491	12,269	-	256,703
Management fee	46,618	-	-	-	-	-	-	-	46,618	-	-	-	46,618
Consultants	116,689	61,431	4,604	22,398	11,360	530	2,962	211	220,185	90,891	152,904	-	463,980
Security	-	21,301	-	-	-	-	-	-	21,301	-	-	-	21,301
Marketing and promotion	58	97	13	50	20	9	5	-	252	1,897	13,309	-	15,458
Recruiting and staff development	23,287	36,755	4,761	18,132	7,363	7,492	2,017	192	99,999	109,382	9,555	-	218,936
Equipment and vehicle expense	49,954	50,882	6,845	12,752	9,528	5,422	2,943	378	138,704	10,379	56,057	-	205,140
Interest expense	81,024	22,246	2	8,530	4,268	106	947	-	117,123	19	5,784	-	122,926
Dues and publications	1,618	157	21	78	33	14	9	1	1,931	7,927	26	-	9,884
Insurance	112,117	67,501	6,923	17,553	10,600	1,931	5,558	1,585	223,768	2,742	9,659	-	236,169
Occupancy	424,494	240,502	37,573	50,279	40,301	10,433	23,052	8,305	834,939	24,978	14,048	-	873,965
Provision for bad debt	162,636	-	-	-	-	-	-	-	162,636	-	-	-	162,636
Other	21,266	12,055	691	3,703	2,001	646	613	74	41,049	8,858	2,917	-	52,824
Total Other Expenses	1,161,545	692,664	100,746	186,801	111,082	57,832	45,560	13,873	2,370,103	402,942	300,599	79,446	3,153,090
Total Expenses Before Depreciation and Amortization	2,914,750	2,288,948	304,953	785,717	485,872	281,958	450,229	13,873	7,526,300	597,189	675,389	79,446	8,878,324
Depreciation and amortization	579,648	131,041	21,654	28,204	26,563	8,408	11,571	4,381	811,470	77,638	3,290	-	892,398
	3,494,398	2,419,989	326,607	813,921	512,435	290,366	461,800	18,254	8,337,770	674,827	678,679	79,446	9,770,722
Direct donor benefits	-	-	-	-	-	-	-	-	-	-	-	(79,446)	(79,446)
Total Expenses	$ 3,494,398	$ 2,419,989	$ 326,607	$ 813,921	$ 512,435	$ 290,366	$ 461,800	$ 18,254	$ 8,337,770	$ 674,827	$ 678,679	$ -	$ 9,691,276

See Notes to Consolidated Financial Statements

Inspirica, Inc. and Subsidiaries

Consolidated Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services									Support Services			
	Permanent Supportive/ Deeply Affordable Housing	New Beginnings Program for Persons Facing Homelessness	Youth Services	Mental Illness Programs	Bread & Roses Programs for People Living with HIV/AIDS	Education & Employment	Not-for-Profit Tenant Services	Holiday Gift Collection	Total Program Services	Management and General	Fund-raising	Direct Donor Benefits	Total
Expenses													
Salaries and wages	$ 1,193,174	$ 1,387,006	$ 201,707	$ 525,459	$ 314,013	$ 196,899	$ 328,512	$ 10,968	$ 4,157,738	$ 174,983	$ 340,619	$ -	$ 4,673,340
Payroll taxes and benefits	250,164	293,407	31,057	120,388	66,963	53,324	95,570	4,745	915,618	21,570	67,424	-	1,004,612
Total Salary Related Expenses	1,443,338	1,680,413	232,764	645,847	380,976	250,223	424,082	15,713	5,073,356	196,553	408,043	-	5,677,952
Other Expenses													
Client support (including meals, rent subsidies, clothing, and other)	19,491	90,142	16,408	10,929	8,861	9,824	538	4	156,197	10	1,002	21,427	178,636
Event production	-	-	-	-	-	-	-	-	-	-	-	41,128	41,128
Program supplies and activities	24,864	22,452	16,832	4,059	4,696	23,561	42	17	96,523	6	19	-	96,548
Travel, meals and accommodation	5,250	2,226	21	2,152	479	2,203	11	-	12,342	650	109	-	13,101
Printing and copying	180	210	23	67	38	10	72	5	605	151	17,791	2,660	21,207
Office supplies	16,790	5,205	434	3,108	1,937	1,470	982	44	29,970	388	3,042	-	33,400
Postage	859	920	24	374	303	66	196	1	2,743	16	4,976	-	7,735
Telecommunications	25,733	24,329	5,424	10,136	6,065	2,037	12,000	902	86,626	3,468	2,981	-	93,075
Legal and accounting	14,819	22,390	3,470	12,322	5,374	2,417	6,144	142	67,078	162,663	4,411	-	234,152
Management fee	37,946	-	-	-	-	-	-	-	37,946	-	-	-	37,946
Consultants	207,130	30,787	37,058	2,509	2,071	2,074	9,044	857	291,530	155,899	53,023	-	500,452
Security	-	3,698	-	-	-	-	-	-	3,698	-	-	-	3,698
Marketing and promotion	37	96	-	31	9	3	8	-	184	930	11,559	-	12,673
Recruiting and staff development	20,399	18,481	2,056	7,534	3,328	2,793	3,633	95	58,319	26,016	3,372	-	87,707
Equipment and vehicle expense	66,739	57,971	8,468	33,683	13,944	5,620	15,899	500	202,824	7,049	33,779	-	243,652
Interest expense	79,257	17,190	-	6,493	4,829	-	3,481	-	111,250	-	7,051	-	118,301
Dues and publications	133	132	7	45	34	3	39	2	395	5,881	294	-	6,570
Insurance	121,538	50,290	6,297	15,180	12,107	1,277	21,315	1,471	229,475	3,853	12,950	-	246,278
Occupancy	456,681	176,032	36,508	43,245	36,143	7,325	93,243	8,352	857,529	21,916	17,250	-	896,695
Provision for bad debt	17,899	-	-	-	-	-	-	-	17,899	-	-	-	17,899
Other	12,871	6,338	803	3,049	1,229	695	1,679	69	26,733	20,852	1,545	14,930	64,060
Total Other Expenses	1,128,616	528,889	133,833	154,916	101,447	61,378	168,326	12,461	2,289,866	409,748	175,154	80,145	2,954,913
Total Expenses Before Depreciation and Amortization	2,571,954	2,209,302	366,597	800,763	482,423	311,601	592,408	28,174	7,363,222	606,301	583,197	80,145	8,632,865
Depreciation and amortization	456,317	190,532	34,512	37,798	37,070	8,327	77,133	6,828	848,517	18,011	15,669	-	882,197
	3,028,271	2,399,834	401,109	838,561	519,493	319,928	669,541	35,002	8,211,739	624,312	598,866	80,145	9,515,062
Direct donor benefits	-	-	-	-	-	-	-	-	-	-	-	(80,145)	(80,145)
Total Expenses	$ 3,028,271	$ 2,399,834	$ 401,109	$ 838,561	$ 519,493	$ 319,928	$ 669,541	$ 35,002	$ 8,211,739	$ 624,312	$ 598,866	$ -	$ 9,434,917

See Notes to Consolidated Financial Statements

Inspirica, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended June 30, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (941,729)	$ (763,407)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	892,398	882,197
Unrealized and realized gains	(822,724)	(518,955)
Provision for bad debt	162,636	17,899
Government grants for capital projects	(69,821)	(112,895)
Discounting and amortization of mortgages and notes payable to present value	55,704	52,912
Changes in operating assets and liabilities		
Unconditional promises to give	340,619	(120,170)
Government grants receivable	(43,652)	395,712
Accounts receivable	(144,416)	(266,352)
Prepaid expenses and other current assets	(24,108)	(22,221)
Accounts payable and accrued expenses	359,983	91,546
Refundable government grants	-	(4,999)
Deferred revenue	(6,786)	7,498
Security deposits and agency funds	1,456	13,561
Net Cash from Operating Activities	(240,440)	(347,674)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(4,284,987)	(5,863,796)
Sale of investments	4,907,907	6,188,745
Deposits to reserve for replacement and interest retained	(156,288)	(115,036)
Withdrawals from restricted deposits and funded reserves	40,984	113,988
Purchases of property and equipment	(415,698)	(363,434)
Net Cash from Investing Activities	91,918	(39,533)
CASH FLOWS FROM FINANCING ACTIVITIES		
Government grants for capital projects	69,821	112,895
Payments on mortgages and notes payable	(20,948)	(20,478)
Net Cash from Financing Activities	48,873	92,417
Net Change in Cash, Cash Equivalents, and Restricted Cash	(99,649)	(294,790)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Beginning of year	1,577,834	1,872,624
End of year	$ 1,478,185	$ 1,577,834
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 25,221	$ 23,389

See Notes to Consolidated Financial Statements

1. The Organization

The mission of Inspirica, Inc. ("Inspirica") is to end homelessness and housing insecurity by helping individuals and families achieve stability through support services and affordable housing. Inspirica's vision is for a community where everyone has a stable, affordable home and home for a bright future. Inspirica services Fairfield County, Connecticut with programs that range geographically from Greenwich to Fairfield, Connecticut and offers hope and direction which help people to lead meaningful and productive lives.

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

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

992 LLC was formed for the purpose of owning a 50% interest in 992 Summer Street Housing Corporation ("992 Corp."). The remaining 50% ownership of 992 Corp. is owned by an unrelated not-for-profit organization. All operations of 992 Corp. are jointly controlled by its shareholders. 992 Corp. is the general partner of 992 Summer Street Development Limited Partnership ("992 LP"). 992 Corp. owns 0.01% of 992 LP. 992 LP was created to build and operate a Low-Income Housing Tax Credit building (the "Development") located at 992 Summer Street, Stamford, Connecticut (the "Property"). The Property is owned by Inspirica and is being leased to 992 LP (see Note 9). Inspirica and 992 LLC have no obligation to provide additional capital and have not guaranteed any losses of 992 Corp. and 992 LP beyond their initial investment in 992 Corp. Because Inspirica does not have a majority ownership of 992 Corp. or 992 LP, has no contractual control of 992 Corp. or 992 LP, and has no additional exposure to loss from 992 Corp. and 992 LP, Inspirica accounts for its investment in 992 Corp. on the equity method. During the year ended June 30, 2016, 992 LP began construction of the Development. The Development was completed in April 2017 and operations began. As of June 30, 2024 and 2023, and for the years then ended, 992 Corp. only sustained losses. In accordance with the equity method of accounting, the investment in 992 Corp. is zero on the Organization's consolidated financial statements.

72 LLC is wholly-owned by Inspirica. 72 LLC was developed and owns a 46,000 square foot building located at 72 Franklin Street, Stamford, Connecticut, consisting of 53 deeply affordable apartments for people primarily earning between 25% and 35% of area median income.

2. Summary of Significant Accounting Policies

Consolidation Policy

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

Basis of Presentation and Use of Estimates

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

Change in Accounting Principle

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the incurred loss model for most financial assets and required the use of an expected loss model for instruments measured at amortized cost and certain other instruments that are not measured at fair value through the change in net assets. Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. The adoption of this guidance on July 01, 2023 did not have any material effect on the Organization's financial statements for the year ended June 30, 2024.

Leases

The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the consolidated statements of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease.

The Organization leases residential units to tenants. The leases are typically 12 months or less. The Organization also leases space to other not-for-profit entities that further the Organization's mission. Rental income from these units is recognized ratably over the term of the lease agreements. The Organization also leases space to tenants needing emergency or temporary housing on a month-to-month basis. Revenue from these units is charged based on the tenant's ability to pay based on various formulas and is recognized when received.

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

Cash, Cash Equivalents, and Restricted Cash

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

	2024	2023
Cash and cash equivalents	$ 1,055,500	$ 1,309,690
Cash held for tenant security deposits	112,856	108,315
Cash held for future capital expenditures	309,829	159,829
Cash, Cash Equivalents, and Restricted Cash	$ 1,478,185	$ 1,577,834

Contributions and Unconditional Promises to Give

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Refundable government grants consist of government grants received for which performance requirements or incurrence of allowable qualifying expenses have not yet been met or incurred. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques. Unconditional promises to give that are due beyond one year are discounted to reflect the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

The Organization has considered a number of factors in estimating its allowance for doubtful contributions receivable, including the uncertainty of the current economy, ongoing circumstances surrounding contributors' continuing ability to meet their contribution obligations, and contribution payment history. If any of these factors were to change, it could have a material effect on the need for or amount of the estimated allowance. Uncollected contributions receivable are written off when the Organization has exhausted reasonable collection efforts. As of June 30, 2024 and 2023, management did not believe an allowance for doubtful contributions receivable was required.

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

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

Fees and other income

The Organization has various other program and contract revenue that are accounted for as exchange transactions. Revenue is recognized as performance obligations are met in an amount that reflects the considerations in which the Organization expects to be entitled in exchange for providing services. Payment terms vary but generally align with the timing of the services performed. As substantially all performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Generally, performance obligations are satisfied over time and relate to the number of days of participation in a program. The Organization measures the performance obligation from the days of services provided. The Organization defers revenues when payments are received in advance of the performance under the contract.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable represents fees and other charges earned but not yet collected. As a result of adoption Accounting Standards Update ("ASU") 2016-13, Financial Instruments – Credit Losses (Topic 326), the Organization changed its methodology for assessment of collectability of accounts receivable. Prior to implementation of ASU 2016-13 the Organization applied an impairment model to collectability of receivables. Subsequent to implementation of ASU 2016-13 on July 1, 2023, the Organization assesses credit loss through a combination of write-off history, aging analysis and any specific known troubled accounts, with a methodology that reflects expected credit losses and requires the use of a forward-looking expected credit loss rate for its accounts receivable. The Organization writes off uncollectible accounts receivable once collection efforts have been exhausted. Accounts receivable was $191,155 at July 1, 2022.

Investments

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

Fair Value of Financial Instruments

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

2. Summary of Significant Accounting Polices (continued)

Property and Equipment

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

Impairment or Disposal of Long-lived Assets

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

Interest Free Notes Payable

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

Net Assets

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

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

Net Assets With Donor Restrictions – Assets subject to usage limitations based on donor-imposed restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Organization. Certain restrictions may require the assets to be maintained in perpetuity. The Organization records contributions with donor restrictions as an increase in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

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

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

Functional Expense Allocation

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

In-kind Contributions

Contributions of donated non-cash assets are recorded at their fair value in the period received. The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. A substantial number of volunteers have contributed their time to the Organization's programs and supporting services; however, none of these services meet the requirements for financial statement recognition.

Income Taxes

Inspirica, Atlantic, Colony, 992 LLC, and 72 LLC are exempt from income taxes as defined in Internal Revenue Code Section 501(c)(3) and, accordingly, the consolidated financial statements do not reflect a provision for income taxes.

Accounting for Uncertainty in Income Taxes

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

Measure of Operations

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

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is January 28, 2025.

3. Investments

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

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Investments Held in Donor Restricted Endowment				
Level 1 Investments				
Cash equivalents	$ 227,723	$ 227,723	$ 212,019	$ 212,019
United States Treasury notes	915,994	926,573	717,312	752,216
Equities	2,786,058	2,161,389	2,545,291	2,270,780
Mutual funds - equities	550,625	625,850	537,628	656,014
Mutual funds - fixed income	823,429	822,026	617,581	649,072
Total Level 1 Investments	5,303,829	4,763,561	4,629,831	4,540,101
Level 2 Investments				
Corporate Bonds	394,282	397,630	668,148	685,937
Assets Outside The Fair Value Hierarchy				
Cash	78,199	78,199	120,794	120,794
Total Investments Held in Donor Restricted Endowment	5,776,310	5,239,390	5,418,773	5,346,832
Investments - Board Designated Funds				
Level 1 Investments				
Cash equivalents	640,924	630,204	656,871	656,871
United States Treasury Notes	801,339	819,619	757,161	804,425
Equities	1,661,631	1,405,542	1,268,949	1,150,344
Mutual funds - equities	393,724	413,659	421,302	471,508
Mutual funds - fixed income	56,714	55,847	798,945	847,097
Total Level 1 Investments	3,554,332	3,324,871	3,903,228	3,930,245
Level 2 Investments				
Corporate Bonds	891,027	889,827	684,290	706,163
Assets Outside The Fair Value Hierarchy				
Cash	118,126	118,126	133,700	133,700
Total Investments - Board Designated Funds	4,563,485	4,332,824	4,721,218	4,770,108
Total Investments	$10,339,795	$ 9,572,214	$10,139,991	$10,116,940

3. Investments *(continued)*

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

	2024	2023
Interest and dividend income	$ 432,815	$ 335,384
Net realized and unrealized gains	822,724	518,955
Investment expenses	(50,165)	(49,079)
Investment Return before Appropriation for Expenditure	1,205,374	805,260
Appropriation for expenditure	(295,876)	(333,059)
Total Investment Return, Net of Appropriation for Expenditure	$ 909,498	$ 472,201

4. Unconditional Promises to Give

Unconditional promises to give due in less than one year was $116,604 and $457,223 as of June 30, 2024 and 2023.

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

	2024	2023
With donor restriction	$ 116,604	$ 409,361
Without donor restriction	-	47,862
	$ 116,604	$ 457,223

5. Property and Equipment

Property and equipment consists of the following as of June 30:

	2024	2023
Depreciable Assets		
Buildings and related equipment	$24,066,834	$23,806,315
Furniture, fixtures and equipment	1,637,459	1,486,570
Leasehold improvements	1,921,149	1,921,149
Vehicles	183,637	183,637
Gross Depreciable Assets	27,809,079	27,397,671
Accumulated depreciation and amortization	(12,373,026)	(11,480,629)
Net Depreciable Assets	15,436,053	15,917,042
Non-depreciable assets		
Construction in progress	10,836	6,547
Land	4,781,622	4,781,622
Property and Equipment, Net	$ 20,228,511	$ 20,705,211

6. Restricted Deposits and Funded Reserves

According to certain loan and other regulatory agreements, the Organization is required to maintain escrow deposits and reserves related to the properties owned by Atlantic and Colony. Withdrawals from the reserves must be approved by CHFA. As of June 30, 2024 and 2023, $1,238,902 and $1,182,630 of the escrow deposits and reserves use is restricted to the building owned by Atlantic. As of June 30, 2024 and 2023, $1,386,240 and $1,327,208 of the escrow deposits and reserves use is restricted to the building owned by Colony.

7. Funds Held for Long-Term Investment

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

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

The Board of Directors of the Organization as of June 30, 2024 and 2023 have interpreted CUPMIFA as requiring the preservation of the fair value of the original gifts as of the gift date of the endowment funds with donor restrictions absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions in perpetuity: (a) the original value of gifts donated with donor restrictions to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization. In accordance with CUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization and (7) the Organization's investment policies.

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

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

The Organization has a policy of approving for distribution each year a target of between 4% to 5½% of its endowment fund's average fair value for the twelve quarters preceding the quarter in which the distribution is planned. The Organization may deviate from the 4% to 5½% guideline if it deems such action prudent and justified. In establishing this policy, the Organization considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, and the possible effects of inflation. The Organization expects the current spending policy to allow its endowment funds to grow at a nominal average rate equal to inflation. This expectation is consistent with the Organization's objective of maintaining the purchasing power of the endowment assets as well as providing additional real growth through new gifts and investment return.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Beginning balance, July 1, 2022	$ -	5,279,610	$ 5,279,610
Investment income, net	-	106,650	106,650
Appropriation for expenditure	-	(333,059)	(333,059)
Capital appreciation	-	365,572	365,572
Ending Balance, June 30, 2023	-	5,418,773	5,418,773
Investment income, net	-	106,561	106,561
Appropriation for expenditure	-	(295,876)	(295,876)
Capital appreciation	-	546,852	546,852
Ending Balance, June 30, 2024	$ -	$ 5,776,310	$ 5,776,310

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

The Organization has a revolving line of credit (the "Line") in the amount of $1,250,000 with a financial institution (the "Bank") that expired on March 9, 2024, which was not renewed. Interest is payable at the published Wall Street Journal Prime Rate. The Line is collateralized by assets of the Organization. As of June 30, 2024 and 2023, there was no outstanding balance on the Line. The Organization's mortgage and notes payable totaling $6,285,775 and $6,251,019 on the consolidated statements of financial position as of June 30, 2024 and 2023 are separated into three categories.

First Category

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

	2024	2023
Mortgage loan in the original amount of $365,715 dated August 11, 2017 from First Republic Bank. The loan bears interest at 2.4% per annum and is payable in equal monthly installments of $1,629 consisting of principal and interest through September 1, 2032. The entire unpaid principal balance of this loan and all unpaid interest thereon is due and payable on September 1, 2032. The loan is secured by a mortgage on 24 Woodland Place, Stamford, Connecticut.	$ 287,736	$ 300,095
Mortgage loan in the original amount of $254,154 dated August 11, 2017 from First Republic Bank. The loan bears interest at 2.4% per annum and is payable in equal monthly installments of $1,132 consisting of principal and interest through September 1, 2032. The entire unpaid principal balance of this loan and all unpaid interest thereon is due and payable on September 1, 2032. The loan is secured by a mortgage on 26 Woodland Place, Stamford, Connecticut.	199,962	208,551
	$ 487,698	$ 508,646

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

Year ending June 30,	Amount
2025	$ 21,497
2026	22,026
2027	22,568
2028	23,096
2029	23,691
Thereafter	374,820
	$ 487,698

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

Second Category

The second category consists of those mortgages and notes which require no principal or interest payments until maturity, have a stated interest rate, and require that the Organization comply with various requirements from CHFA. This category of loans is secured by the assets of Atlantic and Colony. On June 30, 2014, Atlantic and Colony entered into a mortgage modification agreement with CHFA which modified the mortgages such that no monthly payments of interest would be required and extended the maturity date of the notes. All accrued but unpaid interest is payable on the maturity date. As of June 30, 2024 and 2023, cumulative accrued but unpaid interest of $420,000 and $378,000 was reported in accounts payable and accrued expenses on the consolidated statements of financial position. Notes accruing interest payments until the maturity date consist of the following as of June 30:

Lender	Maturity Date	2024 Note Balance	2023 Note Balance	Interest Rate
CHFA	June 2041	$ 1,812,500	$ 1,812,500	1.00 %
CHFA	June 2041	362,500	362,500	1.00
CHFA	March 2042	337,500	337,500	1.00
CHFA	March 2042	1,687,500	1,687,500	1.00
		$ 4,200,000	$ 4,200,000	

Third Category

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

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

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

Lender	Maturity Date	Note Maturity Balance	2024 Discounted Balance	2023 Discounted Balance	Deemed Interest Rate
SCDP	December 2026	$ 155,520	$ 130,619	$ 121,813	7.00
CHFA	January 2027	99,000	99,000	99,000	0.00
SCDP	November 2027	150,000	118,174	110,207	7.00
SCDP	February 2029	50,000	36,100	33,666	7.00
SCDP	February 2029	63,315	43,891	40,932	7.00
SCDP	December 2031	30,350	18,947	17,670	7.00
SCDP	January 2032	40,265	29,844	28,676	4.00
SCDP	February 2032	42,375	31,303	30,078	4.00
SCDP	February 2033	51,750	36,837	35,420	4.00
SCDP	March 2034	43,000	29,906	28,813	3.73
SCDP	April 2034	35,048	24,564	23,692	3.62
SCDP	April 2035	186,000	87,323	81,436	7.00
SCDP	June 2035	34,660	24,764	24,019	3.06
SCDP	June 2035	87,880	62,790	60,900	3.06
SCDP	June 2035	40,000	32,499	31,945	1.72
SCDP	June 2036	30,000	22,146	21,589	2.55
SCDP	April 2037	75,000	52,990	51,575	2.71
SCDP	January 2038	280,000	135,531	130,318	4.00
SCDP	April 2041	69,000	34,879	33,514	4.00
SCDP	March 2042	210,000	175,421	173,676	1.00
SCDP	May 2042	60,000	29,617	28,478	4.00
SCDP	May 2043	135,000	107,872	106,799	1.00
SCDP	May 2044	98,612	50,007	48,338	3.40
SCDP	September 2044	80,000	45,513	42,487	3.17
SCDP	December 2044	54,419	29,332	29,332	2.75
SCDP	July 2054	72,558	25,531	25,531	3.26
SCDP	December 2050	61,395	58,938	58,730	0.25
SCDP	March 2041	24,605	23,739	23,739	0.25
		$ 2,359,752	$ 1,598,077	$ 1,542,373	

9. Leases and Rents

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

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

The Organization has a lease agreement on Metcalf House. Rent expense incurred under this lease was $52,008 and $52,008 for the years ended June 30, 2024 and 2023. The lease agreement expired on June 30, 2023 and was renewed on July 1, 2023. Minimum future annual lease payments during the year ending June 30, 2025 will be $53,048.

10. Restrictions and Designations of Net Assets

Designations

The Board of Directors authorized and maintains the Richard L. Schuster ("RLS") operating reserve fund. Through June 30, 2024, the Board has authorized at various times a total of $1,451,770 to the fund. As of June 30, 2024 and 2023, the balance was $2,404,688 and $2,487,284, which includes investment income earned on the funds.

The Board authorized and maintains the Capital Reserve Fund. The purpose of the fund is to ensure the maintenance, upkeep and improvement of Inspirica's facilities when such maintenance, upkeep and improvement cannot be procured through other funds. It may also be used towards the purchase of new facilities. Through June 30, 2024, the Board has authorized at various times a total of $900,000 to the fund. As of June 30, 2024 and 2023, the balance was $1,351,253 and $1,407,627, which included investment income earned on the funds less withdrawals for use of funds.

The Board authorized and maintains the Strategic Plan Fund. The purpose of the fund is to implement strategic initiatives that are the result of the ongoing Strategic Planning initiative. Through June 30, 2024, the Board has designated at various times transfers to and from the fund totaling a net of $545,199. During the year ended June 30, 2023, the Organization withdrew $195,044 from the fund. As of June 30, 2024 and 2023, the balance was $796,824 and $826,307 which included investment income earned on the funds.

Restrictions

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

	2024	2023
Early Childhood & Parenting	$ 28,327	$ 174,567
Two Generation (Family, Parenting, or Youth Services)	1,161	250,000
Education & Employment	93,599	71,657
Housing Stability fund	16,870	5,509
Voluntary Services	1,630	843
Inner City Foundation	-	12,000
Neighborhood Assistance Act Tax Credit Program	-	89,096
Time restricted	197,002	201,491
Present value discount on notes payable (Note 8)	55,704	52,912
	$ 394,293	$ 858,075

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

Restrictions (continued)

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

	2024	2023
Subject to a specific purpose		
Early Childhood & Parenting	$ 313,505	$ 302,332
Two Generation (Family, Parenting, or Youth Services)	174,850	168,809
Education & Employment	431,304	502,853
Housing Stability fund	33,786	49,156
Unappropriated endowment earnings (see Note 7)	2,908,857	2,551,320
Voluntary Services	1,202	2,832
Neighborhood Assistance Act Tax Credit Program	309,829	159,829
Time restricted	99,068	296,070
Present value discount on notes payable (see Note 8)	761,675	817,379
Total Purpose Restrictions	5,034,076	4,850,580
Held in Perpetuity		
Endowment fund - earnings unrestricted	2,709,341	2,709,341
Endowment fund - earnings restricted to Children's Community scholarships	147,902	147,902
Legacy Bread & Roses	10,210	10,210
Total Held in Perpetuity	2,867,453	2,867,453
Total Net Assets With Donor Restrictions	$ 7,901,529	$ 7,718,033

11. Liens and Promissory Notes

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

Property	Grantor	Original Amount	Expiration
8 Woodland Place	City of Stamford	$ 11,600	June 30, 2026
28 Rose Park Avenue	City of Stamford	210,000	June 30, 2033
8 Woodland Place and 141 Franklin St	Department of Housing	95,100	May 31, 2036

12. Pension Plan

The Organization has a 403(b) voluntary retirement savings plan. No employer contributions were made to the plan, or required, for the years ended June 30, 2024 and 2023.

13. Concentration of Credit Risk and Related Parties

The Organization maintains cash balances at multiple financial institutions. Accounts at each banking institution are insured by the Federal Deposit Insurance Corporation up to $250,000 and accounts at each brokerage institution are insured by the Securities Investor Protection Corporation up to $500,000 ($250,000 for cash). The Organization has not experienced any loss in such accounts. As of June 30, 2024 and 2023, the uninsured balance is approximately $10,847,000 and $10,543,000. The Organization believes it is not exposed to any significant credit risk on its cash and investment balances.

As of June 30, 2024 and 2023, approximately 53% and 60% of unconditional promises to give were from two and three donors. Board members donated approximately $148,000 and $90,000 for the years ended June 30, 2024 and 2023.

One special event represented approximately 83% and 85% of net special event income for the years ended June 30, 2024 and 2023.

A significant portion of the Organization’s support and revenue is from government grants and fees. For the years ended June 30, 2024 and 2023, approximately $1,545,000 and $1,991,000 of government grant income recognized was received directly from the State of Connecticut. For the years ended June 30, 2024 and 2023, the Organization recognized government grant income of approximately $362,000 and $385,000 received directly from the City of Stamford, Connecticut. The Organization also receives directly and indirectly various grants funded by the United States of America. As with all government funding, these grants and fees may be subject to reduction or termination in future years. Any significant reduction in these grants and fees could have a negative impact on the Organization’s program services.

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

14. Liquidity and Availability of Financial Assets

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

14. Liquidity and Availability of Financial Assets *(continued)*

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

	2024	2023
Cash, cash equivalents, and restricted cash	$ 1,478,185	$ 1,577,834
Unconditional promises to give, net	116,604	457,223
Government grants receivable	151,721	108,069
Accounts receivable, net	421,388	439,608
Investments	10,339,795	10,139,991
Total Financial Assets Available Within One Year	12,507,693	12,722,725
Less Amounts Unavailable for General Expenditures Within One Year Due To:		
Net assets with donor restrictions:		
Cash held for tenant security deposits	112,856	108,315
Cash held for future capital expenditures	309,829	159,829
Unexpended net assets with donor restrictions	5,034,076	4,850,580
Net assets with donor restrictions held in perpetuity	2,867,453	2,867,453
Board designated net assets	4,563,485	4,721,218
	12,887,699	12,707,395
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ (380,006)	$ 15,330

The principal source of liquidity is cash flow generated from contributions and government grants. As part of the Organization's liquidity strategy, management structures its financial assets, consisting of cash, investments, and receivables to be available as its general expenditures, liabilities and obligations come due within one year. Also, should a liquidity event occur, the board may elect to utilize funds currently designated for specific purposes.

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

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

	2024	2023
Property and equipment, net	$ 20,228,511	$ 20,705,211
Restricted deposits and funded reserves	2,625,142	2,509,838
Line of credit borrowings, mortgages, and notes payable	(6,285,775)	(6,251,019)
Net assets with donor restrictions		
Present value discount on notes payable (see Note 8)	(761,675)	(817,379)
	$ 15,806,203	$ 16,146,651

16. Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could be material.

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Inspirica, Inc. and Subsidiaries

Consolidating Supplementary Information

June 30, 2024 and 2023

Inspirica, Inc. and Subsidiaries

Consolidating Statement of Financial Position
June 30, 2024

	Inspirica, Inc.	72 Franklin Street LLC	992 Summer Street LLC	Atlantic PSH LLC	Colony PSH LLC	Total Before Eliminations	Eliminations	Total
ASSETS								
Cash and cash equivalents	$ 664,344	$ 195,508	$ -	$ 55,741	$ 139,907	$ 1,055,500	$ -	$ 1,055,500
Cash held for tenant security deposits	-	80,910	-	14,370	17,576	112,856	-	112,856
Cash held for future capital expenditures	309,829	-	-	-	-	309,829	-	309,829
Total Cash, Cash Equivalents, and Restricted Cash	974,173	276,418	-	70,111	157,483	1,478,185	-	1,478,185
Unconditional promises to give, net	116,604	-	-	-	-	116,604	-	116,604
Government grants receivable	151,721	-	-	-	-	151,721	-	151,721
Accounts receivable, net	377,546	21,327	-	9,545	12,970	421,388	-	421,388
Prepaid expenses and other current assets	102,526	-	-	6,200	6,720	115,446	-	115,446
Intercompany receivables	17,299	1,344,691	100	-	-	1,362,090	(1,362,090)	-
Investments	10,339,795	-	-	-	-	10,339,795	-	10,339,795
Investment in limited liability companies	11,108,682	-	-	-	-	11,108,682	(11,108,682)	-
Restricted deposits and funded reserves	-	-	-	1,238,902	1,386,240	2,625,142	-	2,625,142
Property and equipment, net	8,448,592	7,945,307	-	2,044,881	1,789,731	20,228,511	-	20,228,511
	$ 31,636,938	$ 9,587,743	$ 100	$ 3,369,639	$ 3,353,144	$ 47,947,564	$ (12,470,772)	$ 35,476,792
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable and accrued expenses	$ 712,946	$ 8,827	$ -	$ 232,124	$ 248,577	$ 1,202,474	$ -	$ 1,202,474
Intercompany payables	1,344,791	-	-	8,556	8,743	1,362,090	(1,362,090)	-
Deferred revenue	1	-	-	10	701	712		712
Security deposits and agency funds	19,564	81,155	-	13,846	17,112	131,677	-	131,677
Line of credit borrowings, mortgages, and notes payable	1,703,482	-	-	2,299,421	2,282,872	6,285,775	-	6,285,775
Total Liabilities	3,780,784	89,982	-	2,553,957	2,558,005	8,982,728	(1,362,090)	7,620,638
Net Assets								
Without Donor Restrictions								
Operations	9,418,425	1,552,454	100	(168,680)	(97,960)	10,704,339	(11,108,682)	(404,343)
Board Designated Funds								
RLS Operating Reserve Fund	2,404,688	-	-	-	-	2,404,688	-	2,404,688
Capital Reserve Fund	1,351,253	-	-	-	-	1,351,253	-	1,351,253
Strategic Plan Fund	796,824	-	-	-	-	796,824	-	796,824
Total Board Designated Funds	4,552,765	-	-	-	-	4,552,765	-	4,552,765
Total Operations and Board Designated Net Assets Without Donor Restrictions	13,971,190	1,552,454	100	(168,680)	(97,960)	15,257,104	(11,108,682)	4,148,422
Investment in property and equipment, restricted deposits, and funded reserves, net of related debt and net assets with donor restrictions	6,045,142	7,945,307	-	949,783	865,971	15,806,203	-	15,806,203
Total Net Assets Without Donor Restrictions	20,016,332	9,497,761	100	781,103	768,011	31,063,307	(11,108,682)	19,954,625
With donor restrictions	7,839,822	-	-	34,579	27,128	7,901,529	-	7,901,529
Total Net Assets	27,856,154	9,497,761	100	815,682	795,139	38,964,836	(11,108,682)	27,856,154
	$ 31,636,938	$ 9,587,743	$ 100	$ 3,369,639	$ 3,353,144	$ 47,947,564	$ (12,470,772)	$ 35,476,792

See Independent Auditors' Report

Inspirica, Inc. and Subsidiaries

Consolidating Statement of Financial Position
June 30, 2023

	Inspirica, Inc.	72 Franklin Street LLC	992 Summer Street LLC	Atlantic PSH LLC	Colony PSH LLC	Total Before Eliminations	Eliminations	Total
ASSETS								
Cash and cash equivalents	$ 1,031,885	$ 138,044	$ -	$ 64,780	$ 74,981	$ 1,309,690	$ -	$ 1,309,690
Cash held for tenant security deposits	-	80,099	-	14,016	14,200	108,315	-	108,315
Cash held for future capital expenditures	159,829	-	-	-	-	159,829	-	159,829
Total Cash, Cash Equivalents, and Restricted Cash	1,191,714	218,143	-	78,796	89,181	1,577,834	-	1,577,834
Unconditional promises to give, net	457,223	-	-	-	-	457,223	-	457,223
Government grants receivable	108,069	-	-	-	-	108,069	-	108,069
Accounts receivable, net	405,852	12,639	-	10,693	10,424	439,608	-	439,608
Prepaid expenses and other current assets	79,949	-	-	5,430	5,959	91,338	-	91,338
Intercompany receivables	114,303	1,080,790	100	-	-	1,195,193	(1,195,193)	-
Investments	10,139,991	-	-	-	-	10,139,991	-	10,139,991
Investment in limited liability companies	10,904,720	-	-	-	-	10,904,720	(10,904,720)	-
Restricted deposits and funded reserves	-	-	-	1,182,630	1,327,208	2,509,838	-	2,509,838
Property and equipment, net	8,590,479	8,187,751	-	2,097,376	1,829,605	20,705,211	-	20,705,211
	$ 31,992,300	$ 9,499,323	$ 100	$ 3,374,925	$ 3,262,377	$ 48,129,025	$ (12,099,913)	$ 36,029,112
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable and accrued expenses	$ 411,666	$ 10,236	$ -	$ 203,293	$ 217,296	$ 842,491	$ -	$ 842,491
Intercompany payables	1,080,890	-	-	75,121	39,182	1,195,193	(1,195,193)	-
Deferred revenue	7,498	-	-	-	-	7,498	-	7,498
Security deposits and agency funds	22,819	80,190	-	13,012	14,200	130,221	-	130,221
Line of credit borrowings, mortgages, and notes payable	1,671,544	-	-	2,297,676	2,281,799	6,251,019	-	6,251,019
Total Liabilities	3,194,417	90,426	-	2,589,102	2,552,477	8,426,422	(1,195,193)	7,231,229
Net Assets								
Without Donor Restrictions								
Operations	10,257,076	1,221,146	100	(196,507)	(165,114)	11,116,701	(10,904,720)	211,981
Board Designated Funds								
RLS Operating Reserve Fund	2,487,284	-	-	-	-	2,487,284	-	2,487,284
Capital Reserve Fund	1,407,627	-	-	-	-	1,407,627	-	1,407,627
Strategic Plan Fund	826,307	-	-	-	-	826,307	-	826,307
Total Board Designated Funds	4,721,218	-	-	-	-	4,721,218	-	4,721,218
Total Operations and Board Designated Net Assets Without Donor Restrictions	14,978,294	1,221,146	100	(196,507)	(165,114)	15,837,919	(10,904,720)	4,933,199
Investment in property and equipment, restricted deposits, and funded reserves, net of related debt and net assets with donor restrictions	6,166,081	8,187,751	-	946,006	846,813	16,146,651	-	16,146,651
Total Net Assets Without Donor Restrictions	21,144,375	9,408,897	100	749,499	681,699	31,984,570	(10,904,720)	21,079,850
With donor restrictions	7,653,508	-	-	36,324	28,201	7,718,033	-	7,718,033
Total Net Assets	28,797,883	9,408,897	100	785,823	709,900	39,702,603	(10,904,720)	28,797,883
	$ 31,992,300	$ 9,499,323	$ 100	$ 3,374,925	$ 3,262,377	$ 48,129,025	$ (12,099,913)	$ 36,029,112

See Independent Auditors' Report

Inspirica, Inc. and Subsidiaries

Consolidating Statement of Activities
Year Ended June 30, 2024

	Inspirica, Inc.	72 Franklin LLC	992 Summer Street LLC	Atlantic PSH LLC	Colony PSH LLC	Total Before Eliminations	Eliminations	Total
OPERATING REVENUE								
Contributions	$ 1,869,607	$ -	$ -	$ -	$ -	$ 1,869,607	$ -	$ 1,869,607
Government grants	2,698,338	-	-	54,836	65,460	2,818,634	(120,296)	2,698,338
Client fees and rental income	642,926	598,917	-	474,874	463,072	2,179,789	-	2,179,789
Special events, net of direct donor benefits of $79,446	299,726	-	-	-	-	299,726	-	299,726
Management fees	178,757	-	-	-	-	178,757	(178,757)	-
Appropriation for expenditure	295,876	-	-	-	-	295,876	-	295,876
Other income	477,744	12,652	-	1,558	4,759	496,713	-	496,713
Total Operating Revenue	6,462,974	611,569	-	531,268	533,291	8,139,102	(299,053)	7,840,049
EXPENSES								
Program Services								
Permanent supportive/deeply affordable housing	2,256,732	522,705	-	529,546	484,468	3,793,451	(299,053)	3,494,398
New Beginnings Program for Persons Facing Homelessness	2,419,989	-	-	-	-	2,419,989	-	2,419,989
Youth services	326,607	-	-	-	-	326,607	-	326,607
Mental illness programs	813,921	-	-	-	-	813,921	-	813,921
Bread & Roses Programs for People Living with HIV/AIDS	512,435	-	-	-	-	512,435	-	512,435
Education & employment	290,366	-	-	-	-	290,366	-	290,366
Not-for-profit tenant services	461,800	-	-	-	-	461,800	-	461,800
Holiday gift collection	18,254	-	-	-	-	18,254	-	18,254
Total Program Services	7,100,104	522,705	-	529,546	484,468	8,636,823	(299,053)	8,337,770
Support Services								
Management and general	619,045	-	-	30,079	25,703	674,827	-	674,827
Fundraising	678,679	-	-	-	-	678,679	-	678,679
Total Expenses	8,397,828	522,705	-	559,625	510,171	9,990,329	(299,053)	9,691,276
Excess (Deficit) of Operating Revenue Over Expenses	(1,934,854)	88,864	-	(28,357)	23,120	(1,851,227)	-	(1,851,227)
NONOPERATING ACTIVITIES								
Investment return, net of appropriation for expenditure	789,163	-	-	58,216	62,119	909,498	-	909,498
Return on limited liability companies	203,962	-	-	-	-	203,962	(203,962)	-
Total Nonoperating Activities	993,125	-	-	58,216	62,119	1,113,460	(203,962)	909,498
Change in Net Assets	(941,729)	88,864	-	29,859	85,239	(737,767)	(203,962)	(941,729)
NET ASSETS								
Beginning of year	28,797,883	9,408,897	100	785,823	709,900	39,702,603	(10,904,720)	28,797,883
End of year	$ 27,856,154	$ 9,497,761	$ 100	$ 815,682	$ 795,139	$ 38,964,836	$ (11,108,682)	$ 27,856,154

See Independent Auditors' Report

Inspirica, Inc. and Subsidiaries

Consolidating Statement of Activities
Year Ended June 30, 2023

	Inspirica, Inc.	72 Franklin LLC	992 Summer Street, LLC	Atlantic PSH LLC	Colony PSH LLC	Total Before Eliminations	Eliminations	Total
OPERATING REVENUE								
Contributions	$ 2,050,909	$ -	$ -	$ -	$ -	$ 2,050,909	$ -	$ 2,050,909
Government grants	2,909,993	-	-	54,843	65,451	3,030,287	(120,294)	2,909,993
Client fees and rental income	563,679	608,344	-	422,299	384,496	1,978,818	-	1,978,818
Special events, net of direct donor benefits of $80,145	301,303	-	-	-	-	301,303	-	301,303
Management fees	222,194	-	-	-	-	222,194	(222,194)	-
Appropriation for expenditure	333,059	-	-	-	-	333,059	-	333,059
Other income	603,663	14,966	-	2,568	4,030	625,227	-	625,227
Total Operating Revenue	6,984,800	623,310	-	479,710	453,977	8,541,797	(342,488)	8,199,309
EXPENSES								
Program Services								
Permanent supportive/deeply affordable housing	1,703,618	572,782	-	581,848	512,511	3,370,759	(342,488)	3,028,271
New Beginnings Program for Persons Facing Homelessness	2,399,834	-	-	-	-	2,399,834	-	2,399,834
Youth services	401,109	-	-	-	-	401,109	-	401,109
Mental illness programs	838,561	-	-	-	-	838,561	-	838,561
Bread & Roses Programs for People Living with HIV/AIDS	519,493	-	-	-	-	519,493	-	519,493
Education & employment	319,928	-	-	-	-	319,928	-	319,928
Not-for-profit tenant services	669,541	-	-	-	-	669,541	-	669,541
Holiday gift collection	35,002	-	-	-	-	35,002	-	35,002
Total Program Services	6,887,086	572,782	-	581,848	512,511	8,554,227	(342,488)	8,211,739
Support Services								
Management and general	590,455	-	-	19,468	14,389	624,312	-	624,312
Fundraising	598,866	-	-	-	-	598,866	-	598,866
Total Expenses	8,076,407	572,782	-	601,316	526,900	9,777,405	(342,488)	9,434,917
Excess (Deficit) of Operating Revenue Over Expenses	(1,091,607)	50,528	-	(121,606)	(72,923)	(1,235,608)	-	(1,235,608)
NONOPERATING ACTIVITIES								
Investment return, net of appropriation for expenditure	393,714	-	-	37,464	41,023	472,201	-	472,201
Return on limited liability companies	(65,514)	-	-	-	-	(65,514)	65,514	-
Total Nonoperating Activities	328,200	-	-	37,464	41,023	406,687	65,514	472,201
Change in Net Assets	(763,407)	50,528	-	(84,142)	(31,900)	(828,921)	65,514	(763,407)
NET ASSETS								
Beginning of year	29,561,290	9,358,369	100	879,993	741,800	40,541,552	(10,980,262)	29,561,290
Distributions	-	-	-	(10,028)	-	(10,028)	10,028	-
End of year	$ 28,797,883	$ 9,408,897	$ 100	$ 785,823	$ 709,900	$ 39,702,603	$ (10,904,720)	$ 28,797,883

See Independent Auditors' Report

Inspirica, Inc.

Uniform Guidance Reports and Schedules

June 30, 2024

Inspirica, Inc.

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Department of Housing and Urban Development				
Direct Programs:				
Continuum of Care Program	14.267	N/A	$ -	$ 309,693
Subtotal Department of Housing and Urban Development Direct Programs			-	309,693
Pass-Through Programs From:				
CDBG - Entitlement Grants Cluster				
Town of Greenwich, Connecticut -				
Community Development Block Grants/ Entitlement Grants	14.218	18016149	-	50,094
City of Stamford, Connecticut -				
Community Development Block Grants/ Entitlement Grants	14.218	CDBG	-	31,003
Total Entitlement Grants Cluster			-	81,097
City of Bridgeport, Connecticut -				
Housing Opportunities for Persons With AIDS	14.241	18008772-00	-	148,816
Subtotal Department of Housing and Urban Development Pass-Through Programs			-	229,913
Total Department of Housing and Urban Development			-	539,606
Department of Health and Human Services				
Pass-Through Programs From:				
Connecticut Department of Housing -				
Social Services Block Grant	93.667	19DOH0401BR	-	232,940
Connecticut Department of Mental Health and Addiction Services -				
Social Services Block Grant	93.667	20MHA2015	-	58,909
Total Social Services Block Grant			-	291,849
Total Department of Health and Human Services			-	291,849
Department of Homeland Security				
Emergency Food and Shelter National Board Program	97.024	United Way	-	6,750
Total Emergency Food and Shelter Program			-	6,750
Total Expenditures of Federal Awards			$ -	$ 838,205

See Independent Auditors' Report and Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Inspirica, Inc. under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the 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"). Because the Schedule presents only a selected portion of the operations of Inspirica, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Inspirica, Inc.

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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

Inspirica, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

4. Amounts Not Included in the Schedule

Due to reporting and regulatory requirements associated with the Connecticut Housing Financial Authority ("CHFA"), separate audited financial statements under *Government Auditing Standards* were issued for Atlantic PSH LLC and Colony PSH LLC, wholly owned subsidiaries of Inspirica, Inc., which received a combined $345,000 in loans under the Home Investment Partnership Program, federal assistance listing number 14.239, as a pass-through from CHFA. Additionally, Atlantic PSH LLC and Colony PSH LLC received separate auditors' reports 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* and auditors' reports on compliance for the major CHFA program and on internal control over compliance required by the consolidated audit guide for audits of United States Department of Housing programs for the year ended June 30, 2024.

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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*

Independent Auditors' Report

Board of Directors
Inspirica, Inc.

We have audited, in accordance with the 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, the consolidated financial statements of Inspirica, Inc. and subsidiaries ("Inspirica, Inc."), 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, and have issued our report thereon dated January 28, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Inspirica, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Inspirica, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Inspirica, Inc.'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Inspirica, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. 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 This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

January 28, 2025

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

Board of Directors
Inspirica, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Inspirica, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Inspirica, Inc.'s major federal programs for the year ended June 30, 2024. Inspirica, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

In our opinion, Inspirica, Inc. 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.

Inspirica, Inc.'s basic consolidated financial statements include the operations of the Atlantic PSH LLC and Colony PSH LLC, wholly owned subsidiaries, which have $345,000 in outstanding loans from federal awards which are not included in Inspirica, Inc.'s schedule of expenditures of federal awards for the year ended June 30, 2024. Our audit of compliance, described below, did not include the operations of Atlantic PSH LLC and Colony PSH LLC.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Inspirica, Inc. 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 Inspirica, Inc.'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 Inspirica, Inc.'s federal programs.

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Auditors' Responsibilities for the Audit of Compliance

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 Inspirica, Inc.'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 Inspirica, Inc.'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 Inspirica, Inc.'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 Inspirica, Inc.'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 Inspirica, Inc.'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 Auditors' 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.

PKF O'Connor Davies, LLP

January 28, 2025

Inspirica, Inc.

Schedule of Federal Findings and Questioned Costs
Year Ended June 30, 2024

I. Summary of Auditors' Results

Financial Statements

Type of report the auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	_____ Yes __X__ No
• Significant deficiency(ies) identified?	_____ Yes __X__ None reported
Noncompliance material to financial statements noted?	_____ Yes __X__ No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	_____ Yes __X__ No
• Significant deficiency(ies) identified?	_____ Yes __X__ None reported
Type of auditors' report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	_____ Yes __X__ No

Identification of major federal programs:

Federal Assistance Listing Number	Name of Federal Program or Cluster
93.667	Social Services Block Grant

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low risk auditee?	__X__ Yes ____ No

II. Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2024.

III. Federal Award Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

Inspirica, Inc.

State Single Audit Reports and Schedules

June 30, 2024

Inspirica, Inc.

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2024

State Grantor / Pass-through Grantor / Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Expenditures
Department of Housing			
Emergency Shelter Services (ESS)	11000-DOH46920-16149-1200901	$ -	$ 472,527
Total Department of Housing		-	472,527
Department of Mental Health and Addiction Services			
Mental Health Service Grants	11000-MHA53000-16053	-	674,740
Forensic Services	11000-MHA53000-12601	-	106,961
Housing Supports and Services	11000-MHA53000-12035	-	214,878
Grants for Substance Abuse Services	11000-MHA53000-16003	-	56,450
Managed Service System	11000-MHA53000-12157	-	1,502
Total Department of Mental Health and Addiction Services		-	1,054,531
Total State Financial Assistance		$ -	$ 1,527,058

See Independent Auditors' Report and Notes to Schedule of Expenditures of State Financial Assistance

Inspirica, Inc.

Notes to Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2024

1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of Inspirica, Inc. under programs of the State of Connecticut for the fiscal year ended June 30, 2024. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. Because the schedule presents only a selected portion of the operations of Inspirica, Inc., it is not intended and does not present the financial position, changes in net assets, or cash flows of Inspirica, Inc.

The accounting policies of Inspirica, Inc. conform to accounting principles generally accepted in the United States of America as applicable to nonprofit organizations.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

Expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

2. Subrecipients

No state financial assistance was passed through to subrecipients during the fiscal year ended June 30, 2024.

3. Amounts Not Included in the Schedule

Due to reporting and regulatory requirements associated with the Connecticut Housing Financial Authority ("CHFA"), separate audited financial statements under *Government Auditing Standards* were issued for Atlantic PSH LLC and Colony PSH LLC, wholly owned subsidiaries of Inspirica, Inc., which have outstanding loans of $4,200,000 payable to the Connecticut Housing Financial Authority. Additionally, Atlantic PSH LLC and Colony PSH LLC received separate auditors' reports 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* and auditors' reports on compliance for the major CHFA program and on internal control over compliance required by the consolidated audit guide for audits of United States Department of Housing programs for the year ended June 30, 2024.

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Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the State Single Audit Act

Independent Auditors' Report

Board of Directors
Inspirica, Inc.

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Inspirica, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Inspirica, Inc.'s major state programs for the year ended June 30, 2024. Inspirica, Inc.'s major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

In our opinion, Inspirica, Inc. 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 state programs for the year ended June 30, 2024.

Inspirica, Inc.'s basic consolidated financial statements include the operations of Atlantic PSH LLC and Colony PSH LLC, wholly owned subsidiaries, which have outstanding loans in the aggregate of $4,200,000 payable to the Connecticut Housing Financial Authority which are not included in Inspirica, Inc.'s schedule of expenditures of state financial assistance for the year ended June 30, 2024. Our audit, described below, did not include the operations of Atlantic PSH LLC and Colony PSH LLC.

Basis for Opinion on Each Major State 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 the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Inspirica, Inc. 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 state program. Our audit does not provide a legal determination of Inspirica, Inc.'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 Inspirica, Inc.'s state programs.

Auditors' Responsibilities for the Audit of Compliance

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 Inspirica, Inc.'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 State Single Audit 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 Inspirica, Inc.'s compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act, 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 Inspirica, Inc.'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 Inspirica, Inc.'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 State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of Inspirica, Inc.'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 state 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 state 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 state 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 Auditors' 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 State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

January 28, 2025

Inspirica, Inc.

Schedule of State Findings and Questioned Costs
Year Ended June 30, 2024

I. Summary of Auditors' Results

Financial Statements

Type of auditors' opinion issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	____ Yes	__X__ No
• Significant deficiency(ies) identified?	____ Yes	__X__ None reported
Noncompliance material to financial statements noted?	____ Yes	__X__ No

State Financial Assistance

Internal control over major state programs:		
• Material weakness(es) identified?	____ Yes	__X__ No
• Significant deficiency(ies) identified?	____ Yes	__X__ None reported
Type of auditors' opinion issued on compliance for major state programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with section 4-236-24 of the regulations to the State Single Audit Act?	____ Yes	__X__ No

The following schedule reflects the major state programs included in the audit:

State Grantor and Program	State Core-CT Number	Expenditures
Department of Mental Health and Addiction Services:		
Mental Health Service Grants	11000-MHA53000-16053	$ 674,740
Housing Supports and Services	11000-MHA53000-12035	$ 214,878
Dollar threshold used to distinguished between type A and type B programs		$ 200,000

II. Financial Statement Findings

During our audit, we noted no material findings for the year ended June 30, 2024.

III. State Financial Assistance Findings and Questioned Costs

During our audit, we noted no material instances of noncompliance and none of the costs reported in the state financially assisted programs are questioned or recommended to be disallowed.