RENAISSANCE SOCIAL SERVICES, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

(Including Reports Required by OMB's Uniform Guidance)

For the Year Ended December 31, 2023

(With Summarized Comparative Information for 2022)

RENAISSANCE SOCIAL SERVICES, INC.

Annual Financial Report

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D&A
Desmond &Ahern, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors
Renaissance Social Services, Inc.
Chicago, IL

Opinion

We have audited the accompanying financial statements of Renaissance Social Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Renaissance Social Services, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Renaissance Social Services, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Renaissance Social Services, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Supplementary Information (cont.)

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 April 21, 2025, on our consideration of Organization's 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 Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Renaissance Social Services, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Desmond & Ahern, Ltd

April 21, 2025
Chicago, IL

RENAISSANCE SOCIAL SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
As of December 31, 2023 (with summarized comparative totals for 2022)

	2023	2022
Assets		
Current Assets		
Cash and equivalents	$ 302,303	$ 410,900
Cash and equivalents - restricted	1,644	884
	303,947	411,784
Government contracts receivable, net of allowance	804,908	593,507
Contributions receivable, net of allowance	466,632	467,174
Program rent receivable, net of allowance	63,733	167,415
Clinical service fees receivable, net of credit losses	50,311	26,895
Prepaid expenses	107,406	98,692
Total current assets	1,796,937	1,765,467
Other Assets		
Property and equipment		
Property and equipment	49,769	41,269
Vehicles	59,245	59,245
Leasehold improvements	105,333	100,878
Less accumulated depreciation	(101,775)	(61,139)
Net property and equipment	112,572	140,253
Right-of-use asset	426,385	632,243
Security deposits	33,900	33,900
Total other assets	572,857	806,396
Total Assets	$ 2,369,794	$ 2,571,863
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 174,447	$ 38,901
Accrued payroll	217,649	149,295
Deferred revenue	526,129	1,599
Operating lease liability, current	187,104	211,478
Total current liabilities	1,105,329	401,273
Non Current Liabilities		
Refundable advances - other	1,448,459	1,369,525
Operating lease liability, net of current	236,389	423,493
Total non current liabilities	1,684,848	1,793,018
Total liabilities	2,790,177	2,194,291
Net Assets		
Without donor restrictions	(425,383)	375,590
With donor restrictions	5,000	1,982
Total net assets (deficit)	(420,383)	377,572
Total Liabilities and Net Assets	$ 2,369,794	$ 2,571,863

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

RENAISSANCE SOCIAL SERVICES, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023 (with summarized comparative totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Public Support and Revenue				
Grants, contracts and contributions				
U.S. Dept. of Housing and Urban Development	$ 3,551,790	$ -	$ 3,551,790	$ 3,392,451
U.S. Dept. of Family and Support Services	165,386	-	165,386	104,540
Illinois Department of Human Services	2,044,030	-	2,044,030	1,256,224
Other federal grants	100,260	-	100,260	95,806
Other grants and contracts	1,123,616	5,000	1,128,616	1,037,134
Foundation and corporate contributions	300,585	-	300,585	514,923
Individual contributions	26,920	-	26,920	34,918
Donated facilities	18,561	-	18,561	17,889
Donated materials	24,318	-	24,318	2,319
Net assets released from restrictions -				
Satisfaction of program restrictions	1,982	(1,982)	-	-
Total public support	7,357,448	3,018	7,360,466	6,456,204
Program revenues				
Clinical service fees	91,817	-	91,817	203,131
Rental assistance revenue - tenant portion	241,317	-	241,317	257,408
Total program revenue	333,134	-	333,134	460,539
Special Events				
Sponsorship and other contributions	74,238	-	74,238	69,628
Event revenue	28,540	-	28,540	19,607
Less costs of direct benefits	(32,446)	-	(32,446)	(16,929)
Net revenues from special events	70,332	-	70,332	72,306
Other revenues				
Partnership income	-	-	-	91,512
Miscellanoues	352	-	352	3,117
Total Public Support and Revenue	7,763,248	3,018	7,764,284	7,083,678
Expenses				
Program services	7,595,142	-	7,595,142	6,696,818
Management and general	779,137	-	779,137	495,198
Fundraising expense	189,942	-	189,942	200,060
Total Expenses	8,564,221	-	8,564,221	7,392,076
Change in Net Assets	(800,973)	3,018	(797,955)	(308,398)
Net Assets, Beginning of Year	375,590	1,982	377,572	685,970
Net Assets, End of Year (Deficit)	$ (425,383)	$ 5,000	$ (420,383)	$ 377,572

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

RENAISSANCE SOCIAL SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023 (with summarized comparative totals for 2022)

Functional Expenses	Housing Stability	Supportive Housing Outreach Team	Family Support	Senior Services	Flexible Housing Pool	Outreach	Prevention & Diversion	Living Room	Hospital Engagement Pilot	Rapid Re-housing and Housing Liason	Total Program Services	Management and General	Fundraising	2023 Total	2022 Total
Salaries and wages	$ 406,580	$ 361,220	$ 383,876	$ 204,982	$ 388,783	$ 376,085	$ 199,689	$ 301,462	$ 241,827	$ 328,352	$ 3,192,856	$ 103,825	$ 112,321	$ 3,409,001	$ 2,870,901
Employee benefits and related taxes	118,462	81,633	102,482	65,806	76,193	82,311	35,655	48,841	33,080	55,714	700,177	61,757	28,143	790,077	688,333
Total salary and related expenses	525,041	442,853	486,358	270,788	464,976	458,396	235,344	350,303	274,908	384,067	3,893,033	165,581	140,464	4,199,078	3,559,234
Client assistance	351,064	1,246,256	965,600	2,060	26,813	440,641	7,500	718	1,008	465	3,042,126	180	-	3,042,306	2,635,816
Occupancy	36,694	31,249	26,166	7,191	29,804	21,531	11,466	31,378	31,964	19,497	246,941	70,680	10,081	327,703	286,242
Bad debts expense	-	-	-	-	-	-	-	-	-	-	-	283,056	-	283,056	140,691
Professional fees	8,672	22,790	12,559	-	3,697	3,625	-	2,456	-	5,295	59,094	125,231	1,236	185,561	205,856
Program supplies and equipments	6,020	15,479	17,063	113	13,377	32,695	-	6,921	5,669	-	97,337	-	-	97,337	173,398
Telephone	15,202	16,554	10,372	4,647	3,700	11,156	4,000	2,250	2,856	7,200	77,937	9,313	4,190	91,440	95,752
Travel	5,268	12,757	9,407	61	14,975	9,055	7	-	-	9,278	60,807	9,918	179	70,904	59,847
Dues and subscriptions	5,271	9,487	4,900	2,664	2,524	3,700	531	-	488	250	29,814	20,121	6,403	56,338	48,623
Office supplies and maintenance	2,765	2,727	376	639	1,935	5,912	1,319	4,871	7,936	3,933	32,413	12,857	1,503	46,772	53,110
Insurance	2,026	2,364	2,251	1,437	2,364	7,145	450	-	450	1,300	19,788	25,050	450	45,288	41,840
Depreciation expense	-	-	-	-	-	-	-	-	-	-	-	40,635	-	40,635	27,520
Miscellaneous	1,407	154	-	1,471	168	1,732	120	475	1,430	-	6,956	14,721	17,628	39,305	37,433
Marketing	-	-	-	-	-	-	-	26,640	-	-	26,640	0	3,668	30,308	20,050
Postage and printing	1,566	188	119	-	19	57	-	-	210	96	2,256	1,793	4,141	8,190	6,665
Total Expenses	$ 960,998	$ 1,802,858	$ 1,535,172	$ 291,071	$ 564,350	$ 995,645	$ 260,738	$ 426,010	$ 326,920	$ 431,380	$ 7,595,142	$ 779,137	$ 189,942	$ 8,564,221	$ 7,392,077

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

RENAISSANCE SOCIAL SERVICES, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023 (with summarized comparative totals for 2022)

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ (797,955)	$ (308,398)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	40,635	27,520
Noncash lease adjustments	(5,620)	2,728
Change in assets - (increase) decrease		
Government contracts receivable	(211,401)	(345,466)
Contribution and other receivables	542	111,419
Client rent receivables	103,682	(28,835)
Clinical service fees receivable	(23,416)	
Prepaid expenses	(8,714)	(13,127)
Security deposits	-	(10,000)
Change in liabilities - increase (decrease)		
Accounts payable	135,546	(26,704)
Accrued payroll	68,354	6,745
Deferred revenue	524,530	1,304
Refundable advances	78,934	125,628
Net cash (used in) operating activities	(94,883)	(457,186)
Cash Flows from Investing Activities		
Purchase of property and equipment	(12,954)	(103,205)
Net cash (used in) investing activities	(12,954)	(103,205)
Net (decrease) in cash	(107,837)	(560,391)
Cash and equivalents, beginning of year	411,784	972,175
Cash and equivalent, end of year	$ 303,947	$ 411,784
Cash and Equivalents		
Cash and equivalents	$ 302,303	$ 410,900
Cash and equivalents - restricted emergency fund	1,644	884
	$ 303,947	$ 411,784

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

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

Organization
Renaissance Social Services, Inc. ("RSSI" or the "Organization") was incorporated in 1993, as an Illinois not-for-profit corporation. RSSI is working to end homelessness through prevention, housing and supportive services. RSSI works with private real estate enterprises to develop low-income residential facilities and to house people that have experienced homelessness.

Income Tax Status
Renaissance Social Services, Inc. was granted an exemption from federal income tax by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). RSSI qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization continues to operate in compliance with its tax-exempt purpose.

The Organization has adopted the requirements for accounting for uncertain tax positions and management has determined that the Organization was not required to record a liability related to uncertain tax positions as of December 31, 2023.

The Organization's annual information and income tax returns filed with the federal and state governments are subject to examination by the IRS, generally for three years after they have been filed.

Basis of Accounting
The accounts and financial statements are maintained on the accrual basis of accounting and accordingly, reflect all significant accounts receivable, payable, and other liabilities in conformity with accounting principles generally accepted in the United States (GAAP).

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

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

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

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

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met, endowment gifts, pledges, and investment return on endowment funds. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income be made available for program operations. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.

Cash and Equivalents

Cash and cash equivalents consist of bank deposits in federally insured accounts. Deposits at these banks may, at times, exceed the federally insured limit of $250,000.

For the purposes of the statement of cash flows, the Organization considers all highly liquid debt or equity instruments, if any, purchased with an original maturity or anticipated liquidation of three months or less and all certificates of deposit to be cash equivalents. No taxes or interest were paid during the year ended December 31, 2023.

Government Grants and Contributions Receivable

Government grants receivable, including contributions receivable, are stated at net realizable value. Management evaluates the collectability of contributions receivable based on historical experience, donor history, and current economic conditions. Balances that are still outstanding after reasonable collection efforts are written off through bad debt expense. As of December 31, 2023, the Organization had no allowance for doubtful accounts for contributions receivable.

Government grant receivables are restricted to specific programs and are subject to compliance with federal regulations and programmatic requirements. As of December 31, 2023, all government grant receivables were deemed collectible, and no allowance for doubtful accounts was recorded.

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

Program Rent Receivables

Program rent receivables represent amounts due from tenants for their portion of rent under the Organization's rental assistance program, which are typically payable within 90 days from the invoice date. Receivables are considered past due if payments are not received within the agreed-upon terms. The Organization does not accrue interest on past-due accounts. Receivables are considered past due if payments are not received within the agreed-upon terms, and collection efforts are pursued for overdue balances. Accounts that remain delinquent after reasonable collection efforts are evaluated for potential write-off, based on individual credit evaluations and the specific circumstances of each tenant.

Clinical Service Fees Receivable

Clinical service fees represent amounts due to clinical services provided to patients covered by Medicaid. The organization's standard payment terms for accounts receivable are net 30 days. Claims are submitted to Medicaid and other resource providers after services are performed and invoiced. Many claims are initially denied but are subsequently paid after billing codes are revised and approved. The Organization does not accrue interest on past-due accounts.

Allowance for Credit Losses and Doubtful Accounts

The Organization estimates an Allowance for Doubtful Accounts for program rent receivables, as these are program-related receivables and do not fall under the scope of ASU 2016-13, Current Expected Credit Losses (CECL). This allowance is based on historical collection experience, current conditions, and management’s assessment of the collectability of these receivables. The allowance is reviewed and adjusted as necessary at each reporting date to reflect changes in expectations. As of December 31, 2023, the allowance for doubtful accounts for program rent receivables was $572,549.

For clinical service fees receivable, the Organization estimates an Allowance for Credit Losses in accordance with ASU 2016-13 (CECL). This allowance represents management’s estimate of expected credit losses over the life of the receivables, based on historical collection experience, current conditions, and reasonable and supportable forecasts about future economic conditions. No allowance for credit losses was deemed necessary for clinical service fees receivable, as these amounts are expected to be fully reimbursed by Medicaid and other insurance providers.

Alternative Investments – Real Estate Partnerships

RSSI makes non-controlling equity investments in partnerships with private real estate enterprises to develop low-income residential facilities and establish internal support services to address the diverse needs of individuals in these facilities. Alternative investments, which are not readily marketable, are carried at cost, net of any impairment recognized. RSSI’s management regularly reviews and monitors the operating results of these investments, recognizing any impairment to the recorded cost of the investment. However, because of the inherent uncertainty of valuation, these estimated values may differ significantly from the values that would have been used had a market for these investments existed.

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

Prepaid Expenses
Prepaid expenses consist of expenses that have been paid before incurred primarily related to insurance expenses and client moving fees and office rent. Prepaid expenses for the year ended December 31, 2023, were $107,406.

Property and Equipment
Expenditures for property and equipment in excess of $1,000 and items which substantially increase the useful lives of existing assets are capitalized at cost. RSSI provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over their estimated useful lives as follows:

Buildings and Improvements	25 – 30 years
Furniture and equipment	5 – 7 years
Vehicles	5 years

Support and Revenue
Government Grants - A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. These expenditures are subject to audit and acceptance by the granting organization and, as a result of such audit, adjustments could be required. Management does not anticipate any adjustments for the revenue shown on December 31, 2023. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Statement of Financial Position. As of December 31, 2023, the Organization had $1,448,459 of refundable advances derived from a cost-reimbursable state grant.

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

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

Support and Revenue (cont.)
Program Service Fees – RSSI provides a variety of clinical and supportive services aimed at addressing homelessness, mental health, and housing stability. Revenue from these services is recognized in accordance with Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, which requires revenue to be recognized when control of the promised services is transferred to the customer, in an amount that reflects the consideration the organization expects to be entitled to in exchange for those services.

Revenue is recognized when the performance obligation is satisfied, which occurs when clinical services are provided to clients. At the time services are rendered, RSSI has the right to consideration from the insurance or resource provider, subject to the approval of claims. The transaction price is determined based on the expected reimbursement from the payer, net of any adjustments for claims that are denied or written off.

Claims are initially submitted to the payer, and some may be denied. Denied claims are reviewed, revised, and resubmitted for approval. Once approved, payments are received from the payer. Adjustments to revenue may occur in subsequent periods as claims are denied, revised, and resubmitted. These adjustments are recognized in the period in which they occur and are not material to the financial statements. As of December 31, 2023, RSSI did not have any contract assets or contract liabilities. Additionally, no revenue was recognized during the year ended December 31, 2023, for performance obligations satisfied in prior periods.

The Organization reports gifts of land, buildings, and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During the year ended December 31, 2023, equipment was received in the amount of $8,500.

Donated Services
Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended December 31, 2023, RSSI did not receive any donated services meeting these criteria.

A number of volunteers, including the members of the Board of Directors, have made significant contributions of time to RSSI's policymaking, program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services under Generally Accepted Accounting Principles and, accordingly, is not reflected in the accompanying financial statements.

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

In-Kind Contributions and Donated Facilities
In addition to receiving cash contributions, RSSI may receive in-kind contributions and donated facilities from various donors. It is the policy of RSSI to record the estimated fair value of certain in-kind donations as an expense in its financial statements and similarly increase donation revenue by a like amount. For the year ended December 31, 2023, RSSI received donated facilities valued at $18,561 and donated supplies valued at $24,318.

Certain Vulnerabilities and Concentrations
The Organization's total revenue for the year ended December 31, 2023 amounted to $7,764,284. For the year ending December 31, 2023, 48% of this amount was received from the U.S. Department of Housing and Urban Development. Any negative change in the economy could have an impact on contributions, fundraising efforts as well as government grants.

Functional Allocation of Expenses
The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Directly identifiable expenses are charged to the specific program or supporting service. Certain categories of expenses are attributable to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, office and occupancy, and salaries and benefits, which are allocated on the basis of estimates of time and effort.

Comparative Information
The financial statements include certain prior-year summarized information in total but not by net asset class, which does not provide sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such prior year information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Reclassifications
Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

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

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

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

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

Subsequent Events
Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Organization has evaluated subsequent events through April 21, 2025, which is the date the statements were available to be issued. On January 10, 2025, the Organization completed the sale of three promissory notes to RRG Development, Inc. for $700,000. The proceeds from this transaction provide additional liquidity to the Organization and are part of management's plan to address financial challenges and improve its financial position.

Adoption of New Accounting Standard
On January 1, 2023, Renaissance Social Services, Inc. adopted FASB Accounting Standards Update 2016-13 *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. There was no material impact on the Renaissance Social Services, Inc.'s results of operations or financial condition upon adoption of the new standard.

Note 2 – Financial Assets and Liquidity Resources

As of December 31, 2023, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and current debt obligations, were as follows:

Cash and cash equivalents	$ 303,947
Government contracts receivable, net of allowance	804,908
Contributions receivable, net of allowance	466,632
Program rent receivable, net of allowance	63,733
Clinical service fees receivable, net of credit losses	50,311
Total financial assets, at year-end	1,689,531
Less restricted cash	(1,644)
Less net assets with donor restrictions	(5,000)
Financial assets available to meet cash need for general expenditures within one year	$ 1,682,887

The Organization manages its liquidity and reserves following three guiding principles: 1) operating within a prudent range of financial soundness and stability; 2) maintaining adequate liquid assets to fund near-term operating needs; and 3) maintaining sufficient reserves to provide reasonable assurance that programming is continued, and obligations will be adequately discharged in the future. The Organization considers contributions with donor restrictions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general operating purposes. The level of liquidity and reserves was managed within the policy requirements during the year ended December 31, 2023.

Note 3 – Alternative Investment – Real Estate Partnerships

RSSI owns a 5% interest in Renaissance Family, LLC (RF). RF owns a 1% general partner interest in Lyndale Place Limited Partnership (Lyndale Place). The corporation is the other 95% owner of RF. Lyndale Place is a 67-unit, multifamily, affordable housing project in Chicago, Illinois.

RSSI owns a 5% interest in Renaissance Center LLC (RC). RC owns a 0.01% interest in Renaissance Center Limited Partnership (Renaissance Center). Renaissance Center is a 113-unit, affordable housing and supportive-living facility in Chicago, Illinois.

RSSI owns a 5% interest in Renaissance Saint Luke, LLC (RSL). RSL provides 90% of the 90 units at affordable rates for independent residents 55 and older. On December 31, 2023, RSSI's ending partnership investment capital balance for tax purposes was $(692,234). RSSI investment in RSL is considered an alternative investment. As such, the recorded value has been reduced to zero for financial statement purposes in prior years based on management's recognition that the Partnership's value was fully impaired. RSSI provides services to the tenants of RSL as part of its social services programming.

Note 3 – Alternative Investment – Real Estate Partnerships (cont.)

RSSI also owns a 10% interest in RRG Wicker Park, LLC (RRGWP). RRGWP owns a 1% interest in Wicker Park Renaissance, L.P., a 61-unit, multifamily, affordable housing project in Chicago, Illinois. RSSI provides services to the 14 tenants of Wicker Park as part of its social services programming.

The majority of owners of RF, RC, and RRGWP have agreed to contribute any capital that otherwise would be due from RSSI. RSSI has no recorded value in the accompanying Statement of Financial Position for these entities as its initial investments were reduced to zero due to the Organization's equity share in losses.

Note 4 – Program Rental Assistance

During 2015, the Organization entered into Master Leasing agreements for their scattered sites housing programs. The Organization is obligated to pay the tenant's rent each month to the landlord and is responsible for the care of the unit. Collection of the tenants' portion of rent is the responsibility of the Organization. Lease terms are in increments of one year or less. Program rental assistance for the year ended December 31, 2023 was $2,767,366.

Program rent receivable on December 31, 2023 consists of:

Program rent receivable	$	636,282
Allowance for doubtful accounts		(572,549)
Net program rent receivable	$	63,733

The Organization records an allowance for doubtful accounts of 100% of total tenants rent receivable outstanding for over 90 days. There was $283,056 written off as uncollectible during the year ended December 31, 2023.

Note 5 – Related-Party Transactions

During the year ended December 31, 2023, RSSI held notes receivable from Wicker Park Renaissance L.P. (see Note 4 for discussion of these unrecorded notes receivable).

RSSI received approximately $18,561 of donated facilities from Wicker Park Renaissance and Renaissance St. Luke during the year ended December 31, 2023. RSSI used the donated facilities for office space, counseling rooms and community space for community activities.

Note 6 – Notes Receivable and Related Notes Payable

During 2007, RSSI loaned funds totaling $502,125 to Wicker Park Renaissance L.P., bearing an interest at 0.5%. Although they have a recorded lien, it is behind five other liens in priority. The note matures on May 30, 2039. Management has determined the payment of interest and principal is not considered likely, and therefore, no receivable has been recorded. Interest income will be recognized when paid. No interest was received in 2023.

RSSI also received in prior years Federal Home Loan Bank (FHLB) Affordable Housing Program (AHP) subsidies totaling $400,000. The FHLB agreement requires compliance with the AHP Regulations to qualify and maintain the AHP Subsidy for fifteen years from the date of project completion (the "Retention Period"), at which time the agreement shall terminate, and the repayment of the subsidies will be forgiven by the FHLB. The property utilizing these funds must be managed and operated as rental housing for very low, low, and/or moderate-income households as defined in the agreements. If the property is sold or refinanced prior to the end of the retention period, the sponsor and/or owner must repay an amount equal to the full amount of the AHP subsidy, unless the property continues to be subject to a deed restriction or a mechanism incorporating income-eligibility and affordability restrictions committed to in the application for the duration of the retention period.

RSSI therefore has a compliance contingency during this retention period since it does not have controlling interests in the Partnerships utilizing these funds to ensure compliance with AHP regulations. RSSI loaned these FHLB AHP subsidies to the following entity, as evidenced by 30-year, noninterest-bearing promissory note due at that time or earlier upon possible property sale.

Notes Receivable:

Year Loaned	Loaned to	Retention Period Ends	Loan Maturity	Amount
2007	Wicker Park Renaissance L.P.	2022	2037	$ 400,000
				400,000
Less forgivable note payable to FHLB				(400,000)
Net receivable and payable				$ -

Due to the contingent potential note payable being equal to the note's receivable, they are reported net in the Statement of Financial Position.

Note 7 – Net Assets with Donor Restrictions

Net assets with donor restrictions on December 31, 2023 are available for the following purposes:

Rush Charge PPE Grant	$ 5,000

RENAISSANCE SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

Note 8 – Refundable Advance - Other

Refundable advances as of December 31, 2023 consist of the following advances from governmental sources, which are to be expended on future programs, or repaid as determined by the funders.

U.S. Department of Housing and Urban Development	
Contract Number IL0501B5T101100	
December 1, 2012 through November 30, 2013	
to be repaid or approved to carryforward	$ 9,118
Contract Number IL0462B5T101000	
October 1, 2011 through September 30, 2013	
to be repaid or approved to carryforward	20,396
Illinois Department of Human Services	
Contract Number FCSAH00405	
July 1, 2023 through June 30, 2024	
to be applied to IDHS - Supportive Housing Program	172,877
Contract Numbers 45CZB04130 and 45CZB04131	
July 1, 2019 through June 30, 2020	
to be applied to IDHS - Colbert	99,222
Contract Number 45CAB04205	
July 1, 2021 through June 30, 2022	
to be applied to IDHS - PATH	26,465
Contract Number 45CZB04105	
July 1, 2021 through June 30, 2022	
to be applied to IDHS - Living Room	897,750
Contract Number 45CAB04296	
July 1, 2021 through June 30, 2022	
to be applied to IDHS - Housing First PSH	222,631
	$ 1,448,459

Note 9 – Employee Benefit Plan

RSSI has an optional tax deferred annuity retirement plan for all of its qualifying employees. RSSI matches up to three percent of the participating employee's compensation. For the year ending December 31, 2023, RSSI contributed $35,761.

Note 10 – Lease Commitments

In November 2021 and December 2021, the Organization entered into a thirty-four month and eighty-three-month lease agreements with Reverend Properties and Westside Health Authority, respectfully for office space located in Chicago, Illinois. The lease calls for rent increases annually with Reverend Properties and the Organization is responsible for their proportionate share of common costs to the building. The leases are classified as operating lease under ASC 842.

The following summarizes the line items in the balance sheet which include amounts for the building operating lease as of December 31, 2023:

Operating lease right-of-use assets	$	635,135
Accumulated amortization		(208,750)
Net operating ROU assets	$	426,385
Current operating liabilities	$	187,104
Noncurrent operating lease liabilities		236,389
Total operating lease liabilities	$	423,493

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2023:

Weighted Average Remaining Lease Term	25 months
Weighted Average Discount Rate	1.40%

The maturities of operating lease liabilities are as follows for the year ending December 31, 2023:

2024	$	187,695
2025		63,357
2026		63,357
2027		63,357
2028		58,077
Total minimum lease payments		435,844
Less Interest		(12,351)
Present value of lease liabilities	$	423,493

Note 10 – Lease Commitments (cont.)

The following summarizes the cash flow information related to the leases for the year ended December 31, 2023:

Operating cash flows from operating lease	$	218,760

Operating lease expenses	$	216,032
Variable lease expenses		68,265
Total lease cost	$	284,297

REPORTS REQUIRED BY
OMB'S UNIFORM GUIDANCE

RENAISSANCE SOCIAL SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Contract Number	Pass-Through to Subrecipients		Disbursements or Expenditures
U.S. Department of Housing and Urban Development					
Continuum of Care					
January 1, 2023 through June 30, 2023	14.267	NA	$ -		$ 743,702
January 1, 2023 through June 30, 2023	14.267	NA	-		74,576
January 1, 2023 through August 31, 2023	14.267	NA	-		150,058
January 1, 2023 through September 30, 2023	14.267	NA	-		1,130,793
July 1, 2023 through December 31, 2023	14.267	NA	-		280,214
July 1, 2023 through December 31, 2023	14.267	NA	-		747,880
October 1, 2023 through December 31, 2023	14.267	NA	-		7,546
October 1, 2023 through December 31, 2023	14.267	NA	-		417,022
Total Continuum of Care			-	(1)	3,551,790
Passed through All Chicago					
Emergency Solutions Grants Program					
January 1, 2023 through December 31, 2023	14.231	134986	-		8,800
Passed through Mercy Housing					
Emergency Solutions Grants Program	14.231	NA	-		91,460
Total Emergency Solutions Grants Program			-		100,260
Total U.S. Department of Housing and Urban Development			-		3,652,050
Total Expenditures of Federal Awards			$ -		$ 3,652,050

(1) Major Program

See accompanying notes to schedule of federal awards.

RENAISSANCE SOCIAL SERVICES, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the Federal grant activity of Renaissance Social Services, Inc., under programs of the federal government for the year December 31, 2023. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because this schedule presents only a selected portion of the operations of Renaissance Social Services, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Renaissance Social Services, Inc.

Note 2 – Summary of Significant Accounting Policies

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

The Organization has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Sub-Recipients

Renaissance Social Services, Inc. did not provide any federal awards to sub-recipients during the year ended December 31, 2023.

Note 4 – Other Matters

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

D&A
Desmond &Ahern, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

To the Board of Directors of
Renaissance Social Services, Inc.
Chicago, IL

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 financial statements of Renaissance Social Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 21, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Renaissance Social Services, 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Renaissance Social Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Renaissance Social Services, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in 2023-001 of the accompanying schedule of findings and questioned costs that we consider to be a material weakness.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Renaissance Social Services, Inc.'s 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 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,* and which are described in the accompanying schedule of findings and questioned costs as item 2023-001.

Renaissance Social Services, Inc.'s Response to Findings

Renaissance Social Services, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Renaissance Social Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Desmond & Ahern, Ltd

April 21, 2025
Chicago, IL

D&A
Desmond &Ahern, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

To the Board of Directors
Renaissance Social Services, Inc.
Chicago, IL

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Renaissance Social Services, Inc.'s compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Renaissance Social Services, Inc.'s major federal programs for the year ended December 31, 2023. Renaissance Social Services, Inc.'s major federal programs, are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Renaissance Social Services, 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 December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Renaissance Social Services, 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 Renaissance Social Services, Inc.'s compliance with the compliance requirements referred to above.

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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, provisions of contracts or grant agreements applicable to Renaissance Social Services, Inc.'s federal programs.

Auditor's 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 Renaissance Social Services, 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 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 Renaissance Social Services, 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 Renaissance Social Services, 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 Renaissance Social Services, 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 Renaissance Social Services, 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Renaissance Social Services, Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Renaissance Social Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-02 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Renaissance Social Services, Inc.'s response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Renaissance Social Services, Inc.'s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Desmond & Ahern, Ltd

April 21, 2025
Chicago, IL

RENAISSANCE SOCIAL SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

Section I – Summary of Auditor's Results

Financial Statements
Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? __X__ yes ______ no

- Significant deficiencies identified that are not considered to be material weaknesses? ______ yes __X__ no

Noncompliance material to financial statements noted? ______ yes __X__ no

Federal Awards
Internal control over major programs:

- Material weakness(es) identified? __X__ yes ______ no

- Significant deficiencies identified that are not considered to be weakness(es)? ______ yes __X__ no

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

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

Certification of Major Programs

Assistance Listing Number	Name of Federal Program or Cluster
14.267	Continuum of Care Program

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

Auditee qualified as low-risk auditee? __X__ yes ______ no

RENAISSANCE SOCIAL SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

Section II – Financial Statement Findings

2023-001 Closing Records on a Timely Basis

Condition: Accounting records were not closed for over six months after the end of the fiscal year.

Criteria: In a properly functioning internal control environment, accounting records are reconciled and closed within a reasonable time after the end of each accounting period.

Cause: The finance team was not adequately staffed to manage the size and complexity of the organization, resulting in extended timelines to complete certain finance and accounting tasks.

Effect: If records are not timely-closed, management and board of directors may be making decisions based on incomplete information.

Auditor's Recommendation: We recommend the Organization implement procedures to ensure accounting records are reconciled and financial statements completed within 90 days after the end of each period to allow management and the Board to make informed decisions.

Grantee Response: The Finance Team has developed and deployed a comprehensive month-end close process that includes:

- A detailed procedural checklist with clearly defined responsibilities
- Specific deadlines for each critical task in the close sequence
- Formal approval requirements at key control points
- A targeted completion timeline of 30 days post month-end

To support this enhanced process, we have strategically increased resources within the finance function, including additional staff allocation to high-priority areas. Furthermore, we are conducting a thorough assessment of automation opportunities throughout our accounting workflow to improve efficiency, reduce manual processing, and accelerate the completion of key accounting tasks.

RENAISSANCE SOCIAL SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

Section III – Federal Award Findings and Questioned Costs

2023-002 Submitting Single Audit Package on time

Condition: The Organization did not submit its Single Audit Package to the Federal Audit Clearing House in a timely manner as required by federal regulations.

Criteria: The absence of the audit being completed in a timely manner did not allow the Organization to submit the Single Audit Package on a timely basis.

Cause: The Organization did not complete their audit for the year ending December 31, 2023 until after the due date of September 30, 2024 for the Single Audit Package.

Effect: The late submission of the Single Audit Package is a violation of federal regulations and impairs grantor agencies' ability to monitor federally funded programs. As a result, the Organization is designated a high-risk auditee until it accomplished timely submission of its Single Audit Package for two consecutive years.

Auditor's Recommendation: We recommend the Organization submit its Single Audit Reporting Package to the FAC no later than 9 months after the fiscal year-end.

Grantee Response: We have executed strategic process improvements and personnel adjustments within the Finance function specifically designed to facilitate more efficient and timely completion of month-end, quarter-end, and year-end close procedures. These improvements include standardized workflows, clearly defined responsibilities, and process automation.

Additionally, the finance team has committed to ensuring adequate time allocation for all audit activities. We have established a proactive planning framework that incorporates appropriate buffer periods to guarantee completion well in advance of regulatory deadlines. Furthermore, we commit to conducting all fieldwork within the initially scheduled timeframes to prevent timeline extensions.

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

None

CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2023

Finding 2023-001:
Closing Records on a Timely Basis. Accounting records were not closed for over six months after the end of the fiscal year.

Cause: The finance team was not adequately staffed to manage the size and complexity of the organization, resulting in extended timelines to complete certain finance and accounting tasks.

Corrective Actions Taken or Planned:

The Finance Team has developed and deployed a comprehensive month-end close process that includes:

- A detailed procedural checklist with clearly defined responsibilities
- Specific deadlines for each critical task in the close sequence
- Formal approval requirements at key control points
- A targeted completion timeline of 30 days post month-end

To support this enhanced process, we have strategically increased resources within the finance function, including additional staff allocation to high-priority areas. Furthermore, we are conducting a thorough assessment of automation opportunities throughout our accounting workflow to improve efficiency, reduce manual processing, and accelerate the completion of key accounting tasks.

Finding 2023-002:
Submitting Single Audit Package on time. The Organization did not submit its Single Audit Package to the Federal Audit Clearing House in a timely manner as required by federal regulations..

Cause: The Organization did not complete their audit for the year ending December 31, 2023 until after the due date of September 30, 2024 for the Single Audit Package.

Corrective Actions Taken or Planned:

We have executed strategic process improvements and personnel adjustments within the Finance function specifically designed to facilitate more efficient and timely completion of month-end, quarter-end, and year-end close procedures. These improvements include standardized workflows, clearly defined responsibilities, and process automation.

Additionally, the finance team has committed to ensuring adequate time allocation for all audit activities. We have established a proactive planning framework that incorporates appropriate buffer periods to guarantee completion well in advance of regulatory deadlines. Furthermore, we commit to conducting all fieldwork within the initially scheduled timeframes to prevent timeline extensions.

Renaissance Social Services, Inc.
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Contact person: Rachael Brinker
Date corrections were implemented: February 2025.

April 16th, 2025

Rachael Brinker, Interim CFO