

RENAISSANCE SOCIAL SERVICES, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**(Including Reports Required by
OMB's Uniform Guidance)**

For the Year Ended December 31, 2022

RENAISSANCE SOCIAL SERVICES, INC.

Annual Financial Report

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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, 2022, 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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 opinions.

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. 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 schedule of expenditures of federal awards 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 September 28, 2023, on our consideration of Renaissance Social Services, Inc.'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 Renaissance Social Services, Inc.'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 Renaissance Social Services, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Renaissance Social Services, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Desmond & Ahern, Ltd

September 28, 2023
Chicago, IL

RENAISSANCE SOCIAL SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
As of December 31, 2022 (with comparative totals for 2021)

	2022	2021
<u>Assets</u>		
Current Assets		
Cash and equivalents	\$ 410,900	\$ 964,234
Cash and equivalents - restricted	884	7,941
	<u>411,784</u>	<u>972,175</u>
Government contracts receivable	620,402	274,936
Contribution and other receivables	467,174	578,593
Client rent receivables, net of allowance	167,415	138,580
Prepaid expenses	98,692	85,565
Total current assets	<u>1,765,467</u>	<u>2,049,849</u>
Property and equipment		
Property and equipment	41,269	36,234
Vehicles	59,245	-
Leasehold improvements	100,878	61,953
Less accumulated depreciation	(61,139)	(33,619)
Net property and equipment	<u>140,253</u>	<u>64,568</u>
Other Assets		
Right-of-use asset	632,243	-
Security deposits	33,900	23,900
Total other assets	<u>666,143</u>	<u>23,900</u>
Total Assets	<u>\$ 2,571,863</u>	<u>\$ 2,138,317</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities		
Accounts payable	\$ 38,901	\$ 65,605
Operating lease liability, current	211,478	-
Accrued payroll	149,295	142,550
Deferred Revenue	1,599	295
Refundable advances - other	1,369,525	1,243,897
Total current liabilities	<u>1,770,798</u>	<u>1,452,347</u>
Long Term		
Operating lease liability, net of current	423,493	-
Total liabilities	<u>2,194,291</u>	<u>1,452,347</u>
Net Assets		
Without donor restrictions	375,590	640,720
With donor restrictions	1,982	45,250
Total net assets	<u>377,572</u>	<u>685,970</u>
Total Liabilities and Net Assets	<u>\$ 2,571,863</u>	<u>\$ 2,138,317</u>

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

RENAISSANCE SOCIAL SERVICES, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022 (with comparative totals for 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<u>Public Support and Revenue</u>				
U.S. Dept. of Housing and Urban Development	\$ 3,392,451	\$ -	\$ 3,392,451	\$ 3,279,743
Illinois Dept. of Family and Support Services	104,540	\$ -	\$ 104,540	\$ -
Illinois Department of Human Services	1,256,224	-	1,256,224	818,526
Clinical service fees	203,131	-	203,131	232,984
Program fees	257,408	-	257,408	258,097
Foundation and corporate contributions	414,923	100,000	514,923	505,529
Individual contributions	34,918	-	34,918	54,284
Federal grants	95,806	-	95,806	99,810
Other grants	1,037,134	-	1,037,134	973,321
Special Events				
Sponsorship and other contributions	69,628	-	69,628	23,434
Event revenue	19,607	-	19,607	8,409
Less costs of direct benefits	(16,929)	-	(16,929)	(2,800)
Net revenues from special events	72,306	-	72,306	29,043
Donated facilities	17,889	-	17,889	17,249
In-kind contribution	2,319	-	2,319	8,118
Tenant services	91,512	-	91,512	29,460
SBA PPP grant	-	-	-	341,850
Other	3,117	-	3,117	1,831
Net assets released from restrictions -				
Satisfaction of program restrictions	143,268	(143,268)	-	-
Total Public Support and Revenue	7,126,946	(43,268)	7,083,678	6,649,845
<u>Expenses</u>				
Program services	6,696,818	-	6,696,818	5,496,256
Management and general	495,198	-	495,198	617,849
Fundraising expense	200,060	-	200,060	258,897
Total Expenses	7,392,076	-	7,392,076	6,373,002
Change in Net Assets	(265,130)	(43,268)	(308,398)	276,843
Net Assets, Beginning of Year	640,720	45,250	685,970	409,127
Net Assets, End of Year	\$ 375,590	\$ 1,982	\$ 377,572	\$ 685,970

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

RENAISSANCE SOCIAL SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022 (with comparative totals for 2021)

	Housing Stability	Supportive Housing Outreach Team	Family Support	Senior	Flexible Housing Pool	PATH	Prevention & Diversion	Living Room	Rapid Re-housing and Housing Liason	Total Program Services	Management and General	Fundraising	2022 Total	2021 Total
Functional Expenses														
Salaries and wages	\$ 231,704	\$ 410,979	\$ 397,935	\$ 164,764	\$ 333,926	\$ 175,130	\$ 169,943	\$ 395,051	\$ 330,884	\$ 2,610,316	\$ 146,601	\$ 113,984	\$ 2,870,901	\$ 2,423,785
Employee benefits and related taxes	68,836	119,143	110,180	40,436	91,556	55,074	33,927	61,998	43,323	624,473	32,530	31,329	688,333	576,683
Total salary and related expenses	300,540	530,122	508,115	205,200	425,482	230,204	203,870	457,049	374,207	3,234,789	179,131	145,313	3,559,234	3,000,468
Professional fees	8,874	26,850	85,776	400	900	-	-	2,605	3,290	128,695	51,346	25,815	205,856	142,900
Travel	3,254	5,123	8,443	340	13,929	4,132	406	-	9,725	45,352	12,053	2,442	59,847	36,451
Program expenses	7,867	10,533	130,016	147	8,443	8,254	52	3,502	2,443	171,257	-	2,141	173,398	61,534
Client assistance	357,730	1,155,683	918,898	-	12,277	45,187	6,140	2,064	3,709	2,501,688	-	342	2,502,030	2,509,583
Occupancy	26,932	39,330	26,421	8,205	14,535	23,694	6,154	63,357	21,668	230,296	27,890	6,721	264,907	188,918
Supplies and maintenance	20,143	42,638	89,658	1,153	2,656	20,931	357	11,218	4,579	193,333	5,556	1,303	200,192	88,281
Postage and printing	-	322	-	31	120	-	-	143	-	616	3,699	2,350	6,665	8,232
Telephone	17,063	22,495	15,090	4,709	8,331	14,687	4,709	1,047	2,057	90,188	1,054	4,510	95,752	74,152
Insurance	5,387	3,591	3,591	938	-	5,085	-	-	650	19,242	22,598	-	41,840	33,827
Marketing	-	-	-	-	-	-	-	20,050	-	20,050	-	-	20,050	19,950
Dues and subscriptions	11,861	18,059	9,770	5,503	227	1,914	-	386	-	47,720	(6,053)	6,956	48,623	46,748
Bad debts expense	-	-	-	-	-	-	-	-	-	-	140,691	-	140,691	116,422
Miscellaneous	3,280	3,172	2,672	-	-	961	-	2,880	627	13,592	29,713	2,167	45,472	30,347
Depreciation expense	-	-	-	-	-	-	-	-	-	-	27,520	-	27,520	15,189
Total Expenses	\$ 762,931	\$ 1,857,918	\$ 1,798,450	\$ 226,626	\$ 486,900	\$ 355,049	\$ 221,688	\$ 564,301	\$ 422,955	\$ 6,696,818	\$ 495,198	\$ 200,060	\$ 7,392,077	\$ 6,373,002

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

RENAISSANCE SOCIAL SERVICES, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022 (with comparative totals for 2021)

	<u>2022</u>	<u>2021</u>
<u>Cash Flows from Operating Activities</u>		
Change in net assets	\$ (308,398)	\$ 276,843
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	27,520	15,189
Decrease (increase) in assets		
Government contracts receivable	(345,466)	(19,348)
Contribution and other receivables	111,419	(317,973)
Client rent receivables	(28,835)	(37,121)
Prepaid expenses	(13,127)	(29,154)
Security deposits	(10,000)	(8,300)
ROU Assets	(632,243)	-
Increase (decrease) in liabilities		
Accounts payable	(26,704)	3,477
Accrued payroll	6,745	109,414
Deferred revenue	1,304	295
Refundable advances - PPP Loan	-	(341,850)
Refundable advances	125,628	643,121
Lease liability	634,971	-
Net cash provided (used) by operating activities	<u>(457,186)</u>	<u>294,593</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of property and equipment	<u>(103,205)</u>	<u>(46,328)</u>
Net cash (used) in investing activities	<u>(103,205)</u>	<u>(46,328)</u>
Net increase (decrease) in cash	(560,391)	248,265
Cash and equivalents, beginning of year	<u>972,175</u>	<u>723,910</u>
Cash and equivalent, end of year	<u>\$ 411,784</u>	<u>\$ 972,175</u>
Cash and Equivalents		
Cash and equivalents	\$ 410,900	\$ 964,234
Cash and equivalents - restricted		
Emergency fund	884	7,941
	<u>\$ 411,784</u>	<u>\$ 972,175</u>

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

RENAISSANCE SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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’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.

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, 2022.

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 accordance with U.S. Generally Accepted Accounting Principles.

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:

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 returns on endowment funds.

RENAISSANCE SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

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.

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.

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 purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with an original maturity or anticipated liquidation of three months or less and all certificates of deposit to be cash equivalents. \$52 of interest was paid during the year ended December 31, 2022. No taxes were paid during the year ended December 31, 2022.

Accounts Receivable

Accounts receivable are related to grants, contributions from government and private funding sources, and client rental assistance. The Organization records an allowance for doubtful accounts based on specifically identified amounts that are not certain to be collected. The Organization has recorded an allowance for uncollectible accounts in the amount of \$289,493 as of December 31, 2022.

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

RENAISSANCE SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

estimated values may differ significantly from the values that would have been used had a market for these investments existed.

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 estimated useful lives of three to five years.

Support and Revenue

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulation 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. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

The Organization recognizes contributions when cash, 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 on have been met.

The Organization recognizes contract revenue at an amount that reflects consideration to which the Organization expects to be entitled to in exchange for transferring goods or services to a customer. The Organization is not currently engaged in this type of contract, which is based on performance reporting. All contracts recognize revenue in accordance with ASU No. 2014-09.

Government Contributions

Support funded by government contracts, which qualify as conditional promises to give, are recognized when the condition of performing the contracted services is met. Revenue is therefore recognized as earned as the condition is met when eligible expenses are incurred. These expenditures are subject to audit and acceptance by the granting Organization and, as a result of such audit, adjustments could be required.

RENAISSANCE SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

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, 2022, 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 policy-making, 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.

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, 2022, RSSI received donated facilities valued at \$17,889 and donated supplies valued at \$2,319.

Certain Vulnerabilities and Concentrations

The Organization's total revenue for the year ended December 31, 2022 amounted to \$7,083,678. For the year ending December 31, 2022, 49% 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, 2021, from which the summarized information was derived.

RENAISSANCE SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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

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.

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 September 28, 2023, which is the date the statements were available to be issued.

Note 2 – Financial Assets and Liquidity Resources

As of December 31, 2022, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses and current debt obligations, were as follows:

Financial assets and liquidity resources at December 31, 2022	
Cash and cash equivalents	\$ 411,784
Accounts and contributions receivable	1,544,484
Allowance doubtful accounts	<u>(289,493)</u>
Total financial assets, at year-end	<u>1,666,775</u>
Less restricted cash	(884)
Less net assets with donor restrictions	<u>(1,982)</u>
Financial assets available to meet cash need for general expenditures within one year	<u><u>\$ 1,663,909</u></u>

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, 2022.

RENAISSANCE SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 3 – Alternative Investment – Real Estate Partnerships

RSSI owns a 5% interest in Renaissance Family, LLC (RF). A corporation is the other 95% owner of RF. RSSI provides services to tenants of two of the properties previously owned by RF which were sold to an outside entity in 2017.

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. During the year ended December 31, 2022, RSSI received a payment in the amount of \$29,360 from Renaissance Center in relation to these services.

RSSI 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. During the year ended December 31, 2022, the Wicker Park Renaissance, L.P. contributed \$3,187 to RSSI.

The majority owner 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.

RSSI also 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. At December 31, 2022, RSSI's ending partnership investment capital account balance for tax purposes was (\$692,234). RSSI's 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. During the year ended December 31, 2022, RSL did not contribute to RSSI in relation to these services.

Note 4 – Notes Receivable and Related Notes Payable

During 2007, RSSI loaned funds totaling \$502,125 to Wicker Park Renaissance L.P., bearing interest at 0.5%. Although they have a recorded lien, it is behind five other liens in priority. The note matures 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 2022.

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

RENAISSANCE SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 4 – Notes Receivable and Related Notes Payable (cont.)

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			<u>\$ -</u>

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

Note 5 – Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2022 are available for the following purposes:

All Chicago	<u>\$ 1,982</u>
-------------	-----------------

Note 6 – 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, 2022, RSSI contributed \$26,693.

**RENAISSANCE SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022**

Note 7 – Refundable Advance - Other

Refundable advances as of December 31, 2022 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, 2021 through June 30, 2022

to be applied to Supportive Housing Program 93,944

Contract Number 45CAB04205

July 1, 2021 through June 30, 2022

to be applied to IDHS - PATH 99,222

Contract Number 45CAB04296

July 1, 2021 through June 30, 2022

to be applied to IDHS - Housing First PSH 26,464

Contract Numbers 45CZB04130 and 45CZB04131

July 1, 2019 through June 30, 2020

to be applied to Colbert 897,750

45CZB04105

July 1, 2021 through June 30, 2022

to be applied to Living Room 222,631

\$ 1,369,525

RENAISSANCE SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 8 – Lease Commitments

In November 2021 and December 2021, the Organization entered into a thirty four month and an 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 is the impact of the adoption of the lease standard ASC 842 as January 1, 2022 as well as various costs and disclosures as of December 31, 2022:

Impact of adoption on the balance sheet as of January 1, 2022:

Operating ROU Asset	
Operating ROU Asset - Reverend	\$ 426,117
Operating ROU Asset - Westside Health	415,294
ROU Assets	<u>\$ 841,411</u>
Operating Lease Liability	
Cumulative current lease liabilities	\$ 206,441
Cumulative non-current lease liabilities	634,970
Total operating lease liabilities	<u><u>841,411</u></u>

Components of lease cost as of December 31, 2022

Operating lease cost	\$ 22,075
Total operating lease cost	<u><u>\$ 22,075</u></u>

Lease cash flow information:

Cash paid for amounts included in the measurement of lease liability:	
Operating cash flows from operating lease	\$ 37,974

RENAISSANCE SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Summary of lease-related assets and liabilities:

Operating leases	
Operating lease right-of-use assets	\$ 861,411
Accumulated amortization	(206,168)
Net operating ROU assets	<u>\$ 655,243</u>
Current operating liabilities	\$ (211,477)
Noncurrent operating lease liabilities	(423,493)
Total operating lease liabilities	<u>\$ (634,970)</u>

Lease term and discount rate

Weighted Average Remaining Lease Term	
Operating leases	36 months
Weighted Average Discount Rate	
Operating leases	1.33%

Maturity of operating lease liability

2023	\$ 211,477
2024	182,877
2025	60,053
2026	60,991
2027	61,943
Thereafter	57,630
Total minimum lease payments	634,971
Less Interest	(19,633)
Present value of lease liabilities	<u>\$ 615,338</u>

Note 9 – Related-Party Transactions

During the year ended December 31, 2022, RSSI held notes receivable from Wicker Park Renaissance L.P. (see Note 4 for discussion of these unrecorded notes receivable).

RSSI received approximately \$17,889 of donated facilities from Wicker Park Renaissance and Renaissance St. Luke during the year ended December 31, 2022. RSSI used the donated facilities for office space, counseling rooms and community space for community activities.

RENAISSANCE SOCIAL SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 10 – Client Rental Assistance

During 2015, the Organization entered into Master Leasing agreements for their scattered sites housing programs. The Organization is obligated to pay the clients rent each month to the landlord and is responsible for the care of the unit. Collection of the client’s portion of rent is the responsibility of the Organization. Lease terms are in increments of one year or less. Client rental assistance for the year ended December 31, 2022 was \$2,371,603.

Client rent receivable at December 31, 2022 consists of:

Client rent receivables	442,988
Allowance for doubtful accounts	<u>(275,573)</u>
Net client rent receivables	<u>\$ 167,415</u>

The Organization records an allowance for doubtful accounts of 100% of total Client rents receivable outstanding for over one year. There was \$126,771 written off as uncollectible during the year ended December 31, 2022.

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

RENAISSANCE SOCIAL SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Contract Number	Pass-Through to Subrecipients	Disbursements or Expenditures
U.S. Department of Housing and Urban Development				
Continuum of Care				
January 1, 2022 through June 30, 2022	14.267	NA	\$ -	\$ 86,652
January 1, 2022 through June 30, 2022	14.267	NA	-	704,039
January 1, 2022 through August 31, 2022	14.267	NA	-	175,383
January 1, 2022 through September 30, 2022	14.267	NA	-	1,097,705
July 1, 2022 through December 31, 2022	14.267	NA	-	94,756
July 1, 2022 through December 31, 2022	14.267	NA	-	693,671
September 1, 2022 through December 31, 2022	14.267	NA	-	104,766
October 1, 2022 through December 31, 2022	14.267	NA	-	435,479
			-	(1) 3,392,451
Passed through All Chicago				
Emergency Solutions Grants Program				
January 1, 2022 through June 30, 2022	14.231	134986	-	5,600
Passed through Mercy Housing				
Emergency Solutions Grants Program	14.231	NA	-	90,206
Total Emergency Solutions Grants Program			-	95,806
Total U.S. Department of Housing and Urban Development			-	3,488,257
Total Expenditures of Federal Awards			\$ -	\$ 3,488,257

(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, 2022

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, 2022. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because this schedule presents only a selected portion of the operations of 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, 2022.

Note 4 – Other Matters

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



Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

To the Board of Directors of
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, 2022, 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 September 28, 2023.

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. 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 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*.

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

September 28, 2023
Chicago, IL



Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

To the Board of Directors
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, 2022. Renaissance Social Services, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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.

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 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 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 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.

Report on Internal Control over Compliance

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Desmond & Ahern, Ltd

September 28, 2023
Chicago, IL

**RENAISSANCE SOCIAL SERVICES, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended December 31, 2022**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X no
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

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

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

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

Certification of Major Programs

CFDA Number

14.267

Name of Federal Program or Cluster

Continuum of Care Program

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

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

RENAISSANCE SOCIAL SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2022

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

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

None