

**THE RENAISSANCE COLLABORATIVE, INC., AND AFFILIATES
CHICAGO, ILLINOIS**

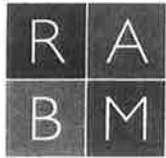
CONSOLIDATED FINANCIAL AND COMPLIANCE AUDIT REPORT

YEARS ENDED DECEMBER 31, 2022 AND 2021

THE RENAISSANCE COLLABORATIVE, INC. & AFFILIATES

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**RAGLAND, ARNOLD, BUCHANAN,
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Certified Public Accountants and Management Consultants

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INDEPENDENT AUDITORS' REPORT

Board of Directors of
The Renaissance Collaborative, Inc., and Affiliates
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of The Renaissance Collaborative, Inc., and Affiliates (a non-profit organization), which comprise the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Renaissance Collaborative, Inc., & Affiliates, 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 of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Renaissance Collaborative, Inc. and Affiliates, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes design implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the 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 The Renaissance Collaborative, Inc., and Affiliates internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Renaissance Collaborative, Inc., and Affiliates ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited The Renaissance Collaborative Inc., and Affiliates 2021 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 23, 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.

Ragland, Arnold, Buchanan, Morris & Associates, LLC

Ragland, Arnold, Buchanan, Morris & Associates, LLC

Certified Public Accountants

Mokena, Illinois

October 9, 2023

THE RENAISSANCE COLLABORATIVE, INC., AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

ASSETS

	The Renaissance Collaborative, Inc.	Renaissance Partners, Ltd.	Consolidating Entries	2022 Consolidated Total	2021 Consolidated Total
CURRENT ASSETS					
Cash and cash equivalents (Notes A-4, A-7 & B-4)	\$ 44,927	\$ 102,325	\$ -	\$ 147,252	\$ 490,856
Tenant accounts receivable (Note A-18)	-	52,919	-	52,919	22,706
Other receivable (Note A-18)	25,726	168,432	-	194,158	255,744
Grants receivable (Note A-5)	482,970	-	-	482,970	71,337
Investment in RPLP (Note B-3)	1,883,343	-	(1,883,343)	-	-
Pre-paid expenses	1,139	31,220	-	32,359	6,146
Total current assets	2,438,105	354,896	(1,883,343)	909,658	846,789
DEPOSITS					
Tenant security deposits (Notes A-11 & B-4)	-	15,882	-	15,882	18,510
Tenant match account	1,612	-	-	1,612	1,612
Operations/Replacement reserve (Notes A-7, A-9, A-10 & B-4)	90,911	1,423,131	-	1,514,042	1,713,867
Total deposits	92,523	1,439,013	-	1,531,536	1,733,989
NON-CURRENT ASSETS (Note A-12)					
Property & equipment, net of accumulated depreciation	461,707	1,967,918	-	2,429,625	2,657,651
Development costs, net of accumulated amortization	22,950	304,301	-	327,251	289,052
Total non-current assets	484,657	2,272,219	-	2,756,876	2,946,703
OTHER ASSETS					
Corporate receivable (Note B-3)	16,695	150,000	(166,695)	-	-
Total other assets	16,695	150,000	(166,695)	-	-
TOTAL ASSETS	\$ 3,031,980	\$ 4,216,128	\$ (2,050,038)	\$ 5,198,070	\$ 5,527,481

The accompanying notes are an integral part of these financial statements.

THE RENAISSANCE COLLABORATIVE, INC., AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

LIABILITIES, NET ASSETS AND PARTNERS' CAPITAL

	The Renaissance Collaborative, Inc.	Renaissance Partners, Ltd.	Consolidating Entries	2022 Consolidated Total	2021 Consolidated Total
CURRENT LIABILITIES					
Accounts payable	\$ 57,987	\$ 1,629	\$ -	\$ 59,616	\$ 165,400
Accrued expenses	44,592	-	-	44,592	49,719
Total current liabilities	102,579	1,629	-	104,208	215,119
DEPOSIT LIABILITIES					
Tenant security deposits-contra (Note A-11)	-	15,881	-	15,881	16,850
Tenant match account - contra	1,612	-	-	1,612	1,612
Total deposit liabilities	1,612	15,881	-	17,493	18,462
OTHER CURRENT LIABILITIES					
Other security deposit - space	4,000	-	-	4,000	8,000
Note payable - SBA PPP Loan (Note B-6)	-	-	-	-	169,317
Total other current liabilities	4,000	-	-	4,000	177,317
NONCURRENT LIABILITIES					
Corporate Payable (Note B-9)	150,000	16,695	(166,695)	-	-
Long-term debt - DOH Loan (Note B-1)	-	7,168,618	-	7,168,618	7,168,618
Long-term debt - JCUA Loan (Note B-7)	-	100,000	-	100,000	100,000
Long-term debt - Bernstein Loan (Note B-10)	-	150,000	-	150,000	150,000
Unearned revenue (Note B-9)	436,375	-	-	436,375	192,222
Total non-current liabilities	586,375	7,435,313	(166,695)	7,854,993	7,610,840
TOTAL LIABILITIES	694,566	7,452,823	(166,695)	7,980,694	8,021,738
NET ASSETS & PARTNERS' CAPITAL (Note A-3)					
Partners' Capital (Deficit)	-	(3,236,695)	(1,883,343)	(5,120,038)	(4,796,960)
Without donor restrictions	2,337,414	-	-	2,337,414	2,302,703
With donor restrictions	-	-	-	-	-
Total net assets & partners' capital (Deficit)	2,337,414	(3,236,695)	(1,883,343)	(2,782,624)	(2,494,257)
TOTAL LIABILITIES, NET ASSETS & PARTNERS' CAPITAL	\$ 3,031,980	\$ 4,216,128	\$(2,050,038)	\$ 5,198,070	\$ 5,527,481

The accompanying notes are an integral part of these financial statements.

THE RENAISSANCE COLLABORATIVE, INC., AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

CHANGES IN NET ASSETS AND PARTNERS' CAPITAL:

	The Renaissance Collaborative, Inc.	Renaissance Partners, Ltd.	Consolidating Entries	2022 Consolidated Total	2021 Consolidated Total
PUBLIC SUPPORT (Notes A-5 & A-6)					
Illinois Dept. of Human Services	\$ 269,648	\$ -	\$ -	\$ 269,648	\$ 285,630
City of Chicago Dept. of Planning & Development	4,689	-	-	4,689	25,535
Total public support	274,337	-	-	274,337	311,165
REVENUES (Note A-6)					
RENT REVENUES					
CHA HAP revenues	-	636,521	-	636,521	590,211
Tenant rental income (net vacancies)	-	121,401	-	121,401	164,174
Rental space income	53,283	-	-	53,283	54,600
Real estate management income	90,901	-	-	90,901	65,060
Landscaping income	-	-	-	-	32,801
Total rent revenues	144,184	757,922	-	902,106	906,846
FINANCIAL REVENUES					
Interest income	39	29	-	68	65
Revenues from investments - Replacement Reserve	-	9,693	-	9,693	-
Other income - SBA PPP loan forgiveness proceeds (Note B-6)	169,317	-	-	169,317	225,400
Revenues from investments-Securities (Note A-10)	-	28	-	28	9,344
Unrealized (loss) gain on investments (Note A-10)	-	(101,858)	-	(101,858)	60,679
Total financial revenues	169,356	(92,108)	-	77,248	295,488
OTHER REVENUES					
Individual/Board member donations	15,663	-	-	15,663	27,143
Fundraising income	61,381	-	-	61,381	56,942
Foundations & corporate grants	142,135	-	-	142,135	70,330
Rental income - space	-	-	-	-	-
Damage income	-	-	-	-	14,867
Laundry commission	-	4,359	-	4,359	3,758
Other revenue	46,892	7,934	-	54,826	51,851
Total other revenues	266,071	12,293	-	278,364	224,891
Total public support and revenue without donor restrictions	\$ 853,948	\$ 678,107	\$ -	\$ 1,532,055	\$ 1,738,390

The accompanying notes are an integral part of these financial statements.

THE RENAISSANCE COLLABORATIVE, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES (Continued)
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

	The Renaissance Collaborative, Inc.	Renaissance Partners, Ltd.	Consolidating Entries	2022 Consolidated Total	2021 Consolidated Total
Total public support and revenue without donor restrictions	\$ 853,948	\$ 678,107	\$ -	\$ 1,532,055	\$ 1,738,390
NET ASSET RESTRICTION TRANSFERS					
Net Assets released from restrictions	-	-	-	-	-
Total public support and revenue	<u>\$ 853,948</u>	<u>\$ 678,107</u>	<u>\$ -</u>	<u>\$ 1,532,055</u>	<u>\$ 1,738,390</u>
EXPENSES (Note A-8)					
Program and operating expenses	351,166	1,057,547	-	1,408,713	1,437,589
General and administrative expenses	400,982	-	-	400,982	278,101
Fundraising expenses	86,567	-	-	86,567	134,393
Total expenses	<u>838,715</u>	<u>1,057,547</u>	<u>-</u>	<u>1,896,262</u>	<u>1,850,083</u>
Increase (Decrease) in net assets (Note A-14)	15,233	-	-	15,233	63,734
Decrease in partners' capital	-	(379,440)	-	(379,440)	(175,427)
Total net decrease in net assets/partners' capital	<u>15,233</u>	<u>(379,440)</u>	<u>-</u>	<u>(364,207)</u>	<u>(111,693)</u>
Net assets, beginning of year	2,302,703	-	-	2,302,703	2,219,401
Partners' Capital, beginning of year	-	(2,913,617)	(1,883,343)	(4,796,960)	(4,552,101)
Adjustment of net assets, beginning of year (Note A-15)	19,478	-	-	19,478	19,568
Adjustment of partners' capital, beginning of year (Note A-15)	-	56,362	-	56,362	(69,432)
Net assets, beginning of year, adjusted	<u>2,322,181</u>	<u>-</u>	<u>-</u>	<u>2,322,181</u>	<u>2,238,969</u>
Partners' Capital, beginning of year, adjusted	<u>-</u>	<u>(2,857,255)</u>	<u>(1,883,343)</u>	<u>(4,740,598)</u>	<u>(4,621,533)</u>
Net assets & partners' capital (Deficit) - end of year (Note A-3)	<u>\$ 2,337,414</u>	<u>\$(3,236,695)</u>	<u>\$(1,883,343)</u>	<u>\$(2,782,624)</u>	<u>\$(2,494,257)</u>

The accompanying notes are an integral part of these financial statements.

THE RENAISSANCE COLLABORATIVE, INC., AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

	The Renaissance Collaborative, Inc.	Renaissance Partners, Ltd.	Consolidating Entries	2022 Consolidated Total	2021 Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Total net decrease in net assets & partners' capital (Note A-14)	\$ 15,233	\$ (379,440)	\$ -	\$ (364,207)	\$ (111,693)
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation expense (Note A-12)	3,054	378,623	-	381,677	387,530
Amortization expense	-	457	-	457	457
Unrealized gain (loss) in investments	-	-	-	-	60,679
(Increase) decrease in assets:					
Tenant accounts receivable	-	(30,213)	-	(30,213)	(18,185)
Other receivable	18,593	42,993	-	61,586	(200,807)
Prepaid expenses and other current assets	5,007	(31,220)	-	(26,213)	(357)
Grants and contracts receivable, net	(411,633)	-	-	(411,633)	(45,965)
Tenant security deposits (Note A-11)	-	2,628	-	2,628	(1,637)
Reserve accounts (Note A-9)	(298)	200,123	-	199,825	250,982
Tenant match account	-	-	-	-	-
Corporate receivable	60,940	(150,000)	-	(89,060)	(16,583)
Increase (decrease) in liabilities:					
Accounts payable	(28,082)	(77,702)	-	(105,784)	138,869
Accrued expenses	(5,127)	-	-	(5,127)	9,112
Other security deposit	-	(4,000)	-	(4,000)	-
Tenant security deposit (Note A-11)	-	(969)	-	(969)	71
Other adjustments	-	-	-	-	(81,011)
Unearned revenue	244,153	-	-	244,153	(14,568)
Corporate payable	150,000	(60,940)	-	89,060	61,052
Prior period adjustments (Note A-15)	19,478	56,362	-	75,840	(49,864)
CASH PROVIDED BY OPERATING ACTIVITIES	71,318	(53,298)	-	18,020	368,082
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment	(171,750)	(20,557)	-	(192,307)	(234,288)
CASH USED IN INVESTING ACTIVITIES	(171,750)	(20,557)	-	(192,307)	(234,288)
CASH FLOWS FROM FINANCING ACTIVITIES					
SBA PPP loan forgiveness	(169,317)	-	-	(169,317)	92,698
CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(169,317)	-	-	(169,317)	92,698
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(269,749)	(73,855)	-	(343,604)	226,492
CASH AT BEGINNING OF YEAR	314,676	176,180	-	490,856	264,364
CASH AT END OF YEAR (Note A-4, A-7 & B-4)	\$ 44,927	\$ 102,325	\$ -	\$ 147,252	\$ 490,856
CASH PAID DURING THE YEAR FOR: INTEREST	\$ -	\$ -	\$ -	\$ -	\$ 710

The notes are an integral part of these financial statements.

THE RENAISSANCE COLLABORATIVE, INC., AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

	Program Services						Total Program Services
	Social Services	Bronzeville Green	Sr. Village Health & Wellness	TRC, Inc.	RPLP		
Salaries	\$ 204,558	\$ -	\$ 19,485	\$ 224,043	\$ 262,277	\$	\$ 486,320
Payroll taxes & Employee benefits	48,411	-	2,304	50,715	40,656		91,371
Real estate taxes	-	-	-	-	-	-	-
Tenant expenses	1,918	-	-	1,918	1,470		3,388
Telephone	4,246	-	-	4,246	12,239		16,485
Supplies	1,742	-	-	1,742	18,944		20,686
Rental and maintenance of equip.	978	9,819	388	11,185	1,594		12,779
Building repairs & maintenance	-	-	-	-	46,668		46,668
Maintenance/Service Contracts	-	-	-	-	32,534		32,534
Equipment	2,275	-	-	2,275	4,512		6,787
Printing and Publications	2,162	-	-	2,162	1,963		4,125
Postage and shipping	-	-	27	27	109		136
Conference and meetings	189	-	-	189	875		1,064
Travel	-	-	-	-	-		-
Professional fees	21,561	11,300	2,149	35,010	55,644		90,654
Fees & Permits	-	61	1	62	1,399		1,461
Office expense	-	147	13	160	583		743
Fines/penalties	-	-	-	-	-		-
Utilities	-	-	-	-	140,914		140,914
Miscellaneous expenses	-	-	-	-	-		-
Insurance	8,189	-	-	8,189	42,536		50,725
Gala/Fundraiser expenses	984	-	-	984	-		984
Interest expense	-	-	-	-	-		-
Computer expense	8,259	-	-	8,259	13,550		21,809
Staff Development/Training	-	-	-	-	-		-
Total expenses before depreciation/amortization	\$ 305,472	\$ 21,327	\$ 24,367	\$ 351,166	\$ 678,467	\$	\$ 1,029,633
Amortization	-	-	-	-	457		457
Depreciation (Note A-12)	-	-	-	-	378,623		378,623
Total expenses	\$ 305,472	\$ 21,327	\$ 24,367	\$ 351,166	\$ 1,057,547	\$	\$ 1,408,713

The accompanying notes are an integral part of these financial statements.

THE RENAISSANCE COLLABORATIVE, INC., AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (Continued)
YEAR ENDED DECEMBER 31, 2022
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2021)

	SUPPORTIVE SERVICES			2021
	TRC, Inc. Management and General	Fundraising	Total Supporting Services	Consolidated Total
Salaries	\$ 223,508	\$ 50,569	\$ 274,077	\$ 760,912
Payroll taxes & Employee benefits	27,903	9,070	36,973	152,140
Real estate taxes	23,118	-	23,118	33,776
Tenant expenses	-	-	-	1,020
Telephone	3,829	1,922	5,751	17,579
Supplies	-	379	379	26,278
Rental and maintenance of equip.	1,281	-	1,281	3,810
Building repairs & maintenance	-	-	-	71,764
Maintenance/Service Contracts	-	-	-	31,007
Equipment	-	-	-	6,787
Printing and Publications	1,387	775	2,162	2,237
Postage and shipping	746	1,006	1,752	1,880
Conference and meetings	-	60	60	736
Travel	-	-	-	135
Professional fees	83,160	6,760	89,920	116,200
Fees & Permits	516	500	1,016	432
Office expense	2,579	1,062	3,641	14,479
Fines/penalties	-	-	-	600
Utilities	-	-	-	108,914
Miscellaneous expenses	1,210	-	1,210	1,824
Insurance	19,411	2,608	22,019	72,744
Gala/Fundraiser expenses	-	8,609	8,609	67,434
Interest expense	-	-	-	7,641
Computer expense	9,185	3,247	12,432	710
Staff Development/Training	95	-	95	39,651
Total expenses before depreciation/amortization	\$ 397,928	\$ 86,567	\$ 484,495	\$ 1,461,639
Amortization	-	-	-	457
Depreciation (Note A-12)	3,054	-	3,054	387,987
Total expenses	\$ 400,982	\$ 86,567	\$ 487,549	\$ 1,850,083

The accompanying notes are an integral part of these financial statements.

THE RENAISSANCE COLLABORATIVE, INC., AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

ORGANIZATION

The Renaissance Collaborative, Inc., is a not-for-profit corporation formed under the laws of the State of Illinois on May 21, 1992, and its wholly owned affiliate, Renaissance Partners, Ltd. The Renaissance Collaborative, Inc., (commonly known as TRC), is dedicated to providing affordable housing, suitable living environment and to build and restore human and spiritual dignity of all those served. The Organization receives contributions from government agencies, foundations, corporations, and individuals. The Renaissance Collaborative Inc.'s affiliate, Renaissance Partners, Ltd. was formed as a limited partnership under the laws of the state of Illinois in 1995 for the purpose of operating a rental housing project. The project consists of 101 units located in Chicago, Illinois. The partnership is currently operating under the name of Renaissance Apartments and Fitness for Life Center.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF CONSOLIDATION

Consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations*. Under the terms of that Statement, the consolidated financial statements include the accounts of The Renaissance Collaborative, Inc. and Renaissance Partners, Ltd. The assets, liabilities, net assets, revenues, and expenses have been consolidated as The Renaissance Collaborative, Inc., and Affiliates. Due to substantial organizational control by The Renaissance Collaborative, Inc., Renaissance Partnership, Ltd., is consolidated in these financial statements. All significant intercompany transactions have been eliminated with consolidating entries.

2. BASIS OF ACCOUNTING

The consolidated financial statements of The Renaissance Collaborative, Inc., and Affiliates, have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, revenues and expenses, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. FINANCIAL STATEMENT PRESENTATION

Resources are classified for accounting and reporting purposes into two general classes of net assets, according to externally imposed restrictions:

Net assets without donor restrictions: The portion of the net assets of the organization that can be used subject only to the broad limits resulting from the nature of the organization, the environment it operates, the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the course of its business. The Organization has the greatest ability to choose when using these resources.

Net assets with donor restrictions: The portion of net asset of the Organization that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization's choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donor's instructions.

Net assets with donor restrictions generally result from donor-restricted contributions and any investment return generated by the Organization.

The Renaissance Collaborative, Inc. has a controlling financial interest as a result of majority voting control and is not required to measure the entity at fair market value in accordance with Topic 948. The Renaissance Collaborative, Inc. has consolidated the accounts of its wholly owned and controlled affiliate, Renaissance Partners, Ltd., which is not a variable interest entity (VIE). Since the financial statements are consolidated, thus includes activity from Renaissance Partners, Ltd., a partners equity account is presented for the years ended December 31, 2022, and 2021, respectively.

Date of Management's Review

Management has evaluated subsequent events through October 9, 2023, the date on which the consolidated financial statements were available to be issued.

Comparative Financial Statements

These consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such 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.

4. CASH AND CASH EQUIVALENTS

For the purpose of reporting cash flows, cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of purchase.

Cash deposits is not considered cash equivalents and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, repairs, and improvements to the building.

5. PUBLIC SUPPORT AND GRANTS RECEIVABLE

Public support is recognized from the various funding sources when billed to the funding sources. Many of the contracts are the reimbursement type, which require the Organization to pay for services provided to the participants before it may bill for reimbursement. On a periodic basis, Management performs an internal assessment of all grants and accounts receivable accounts and directly writes off delinquent balances at year end. No allowances for doubtful accounts were calculated or recorded for years ended December 31, 2022, and 2021 as the Organization believes that grants receivables are 100% collectible. The grants receivables of \$482,970 and \$71,337, represent billed and unbilled costs for which payments have not been received as of December 31, 2022, and 2021, respectively.

6. REVENUE RECOGNITION

The Renaissance Collaborative, Inc., & Affiliates adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (topic 606), effective January 1, 2020. Topic 606 was adopted on a modified retroactive basis, and the Organization determined that there was no cumulative effect to beginning net assets or current revenue, that was required to be disclosed as a result of adopting the standard. There are no significant financing components, no significant long term performance obligations that affect the years financial reporting.

Rental revenue are contracts with customers, attributable to residential leases is recorded when due from residents, generally upon the first day of each month, in which the source of rental revenue is from HUD via Section 8 subsidy program and the actual tenant portion of the rent. Leases are for periods of up to one year, with rental payments due monthly. Other income includes fees earned for late payments, cleaning, damages, laundry facilities and other charges and is recorded when earned.

7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

<u>Financial assets at year end:</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 147,252	\$ 490,856
Receivables	730,047	2,083,776
Cash deposits	1,531,536	1,733,989
Total financial assets	<u>\$ 2,408,835</u>	<u>\$ 4,308,621</u>
<u>Less amounts not available to be used within one year:</u>		
Net assets with donor restrictions	-	-
Less net asset with purpose restrictions to be met in less than a year:	-	-
Financial expenditures available to meet general expenditures over the next twelve months	<u>\$ 2,408,835</u>	<u>\$ 4,308,621</u>

In addition to financial assets available to meet general operating expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting grant revenue, tenant revenue, In-Kind and Contributions, as needed. The statement of cash flows identifies the sources and uses of the Organization’s cash and shows cash generated by operations of \$18,020 and \$368,082 for the calendar years ended December 31, 2022, and 2021, respectively.

8. ALLOCATION OF FUNCTIONAL EXPENSES

Management and general expense relate to the overall direction of The Renaissance Collaborative, Inc., and Affiliates, and include expense for the governing board, business management, general accounting, and budgetary functions. Further, fund-raising expenses are the costs of all activities that constitute an appeal for financial support. Management and general expenses, as well as fund-raising expenses, are allocated in accordance with the cost allocation plan. These costs are disclosed in the Statement of Functional Expenses and are allocated to the cost categories benefited. The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities reported as Program, Management & General and Fund-Raising expenses and accordingly certain costs have been allocated among the programs benefited. The expenses that are allocated are compensation and benefits, which allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a weighted average square footage basis; and supplies, which are allocated based on average employee head count.

<u>Expense</u>	<u>Method of Allocation</u>
Grants	Time and effort
Salaries and benefits	Time and effort
Professional services	Full Time equivalent
Utilities	Square footage
Insurance	Square footage
Maintenance/Service contracts	Time and effort
Information technologies	Direct charge
Depreciation	Square footage

9. RESERVE FOR REPLACEMENTS AND RESERVE OPERATING DEFICITS

Under the terms of the Regulatory Agreement, The Renaissance Collaborative, Inc., and Affiliates are required to make monthly contributions to a reserve for replacement account maintained by management; intended to be used to fund replacement of furniture and equipment, pay for building improvements. Other reserve accounts are used to negate operating deficits. The Regulatory Agreement contains provisions enabling Organization to borrow from these funds to cover normal operating expenses in certain situations. Following is a summary of the reserve account balances:

<u>Bank Name</u>	<u>2022</u>	<u>2021</u>
PNC Bank *	104,802	81,795
Bernstein Investments **	1,297,714	1,539,852
JP Morgan Chase Bank	1,618	1,618
GN Bank	90,629	90,602
	<u> </u>	<u> </u>
Total Reserves	<u>\$ 1,494,763</u>	<u>\$ 1,713,867</u>

* **Reserve for Replacement** - Under the terms of the regulatory agreement, the project is required to make monthly contributions to a reserve account maintained by management. Of the \$104,802 PNC Bank reserve funds, \$80,990 represents Reserve for Replacement required monthly deposits, of \$6,230 per month, which are intended to be used to fund replacement of furniture and equipment, major repairs and to pay for building improvements. As of December 31, 2022, the Reserve for Replacement account is fully funded totaling \$74,760 for the 2022 calendar year. Furthermore, the Organization deposited an additional \$6,230 to update the reserve for replacement account due to underfunding of the account in 2021. The following is a reconciliation of the account as of December 31, 2022, and 2021:

	<u>2022</u>	<u>2021</u>
Balance, at beginning of year	\$ 62,775	\$ 77,970
Interest Income	63	6
Required contributions	74,760	68,530
Additional deposits	6,230	14,867
Approved Withdrawals	(38,963)	(98,586)
Service Charges	48	(12)
	<u> </u>	<u> </u>
Balance, at end of year	<u>\$ 104,913</u>	<u>\$ 62,775</u>

** **Bernstein Investments** - Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included as part of investment income in the change in net assets. Investments that held in brokerage accounts are protected by the SIPC in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account with a limit of \$250,000 for claims of un-invested cash balances. The insurance does not protect against market losses on investments. The 2022 and 2021 totals are as follows:

<u>Asset Class</u>	<u>2022</u>	<u>2021</u>
Money Market Funds	\$ 921,377	\$ 1,091,571
US Equities	175,191	208,307
International Equities	201,146	239,974
	<u> </u>	<u> </u>
	<u>\$ 1,297,714</u>	<u>\$ 1,539,852</u>

The investments consist of cash and marketable securities and are presented in the financial statements at fair value based on quoted prices in active markets. Refer to Note A-10 for additional information on Alliance Bernstein Investments (marketable securities) and fair value measurements.

10. FAIR VALUE MEASUREMENTS

Fair value is defined as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

A hierarchy has been established to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). Observable inputs are those that market participants would use in pricing the asset based on market data obtained from sources independent of The Renaissance Collaborative, Inc., and Affiliates. Unobservable inputs reflect The Renaissance Collaborative, Inc.’s assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The fair value hierarchy is categorized into three levels based on the inputs, as follows:

- Level 1—Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date. All the investments held at Alliance Bernstein are included in Level 1 Fair Value Measurements.
- Level 2—Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.
- Level 3—Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect The Renaissance Collaborative, Inc., and Affiliates best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date. The totals as of December 31, 2022, and 2021 are as follows:

2022		Quoted Market	Significant Other	Significant
Description	Total	Price for Assets	Observable Inputs	Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Marketable Securities	<u>\$ 1,297,714</u>	<u>\$ 1,297,714</u>	<u>\$ -</u>	<u>\$ -</u>
2021		Quoted Market	Significant Other	Significant
Description	Total	Price for Assets	Observable Inputs	Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
Marketable Securities	<u>\$ 1,539,852</u>	<u>\$ 1,539,852</u>	<u>\$ -</u>	<u>\$ -</u>

Investment income related to these investments is included with revenues and gains on the consolidated statements of activities and was comprised of the following for the years ended December 31, 2022, and 2021:

	2022	2021
Interest and dividend income	\$ 28	\$ 9,344
Unrealized (loss) gain	<u>(101,858)</u>	<u>60,679</u>
Totals	<u>\$ (101,830)</u>	<u>\$ 70,023</u>

11. TENANT SECURITY DEPOSITS

The Renaissance Collaborative, Inc., and Affiliates collects a refundable security deposit from its tenants upon move-in to cover cleaning and damage expenses that may be incurred by the tenant upon the tenant leaving the residence. Upon receipt of deposit funds, The Organization transfers them to a separate interest-bearing account at a local bank. The Regulatory Agreement requires the amount of funds on deposit in the tenant deposit account to equal or exceed the liability to tenants for refundable deposits. At, December 31, 2022, and 2021, the tenant security deposits are as follows:

	<u>2022</u>	<u>2021</u>
Tenant security deposits in bank	\$ 15,882	\$ 18,510
Tenant security deposits (contra)	<u>(15,881)</u>	<u>(16,850)</u>
Amount over funded	<u>\$ 1</u>	<u>\$ 1,660</u>

12. PROPERTY AND EQUIPMENT

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis ranging from three (3) to forty (40) years.

Per the Organization's property and equipment policy, items purchased costing \$1,000 or more per unit and has a useful life on one year or more is capitalized, and the straight-line method of depreciation is used over its estimated life. All capital assets purchased with grant or other restricted funds will be cataloged. The Renaissance Collaborative Inc., and Affiliate's equipment and leasehold improvements are summarized as follows:

<u>Property Description</u>	<u>Estimated Useful Lives</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Accumulated Amortization</u>	<u>Book Value</u>
Land	N/A	\$ 49,973	\$ -	\$ -	\$ 49,973
Building & Improvements	17.0 - 32	10,333,884	8,274,030	-	2,059,854
Building & Improvements	15	151,000	-	-	151,000
Furniture & Fixtures	5.0	452,853	347,183	-	105,670
Equipment	5.0 - 10.0	78,557	57,429	-	21,128
Automobile	3.0	22,684	22,684	-	-
Other	N/A	42,000	-	-	42,000
Development/Loan Costs	32.0	<u>337,197</u>	<u>-</u>	<u>9,946</u>	<u>327,251</u>
Total Property and Equipment		<u>\$ 11,468,148</u>	<u>\$ 8,701,326</u>	<u>\$ 9,946</u>	<u>\$ 2,756,876</u>

Depreciation/amortization expense for the years ended December 31, 2022, and 2021 are \$382,134 and \$388,444, respectively.

13. RENT INCREASES

Under the Regulatory Agreement, the Project may not increase rents charged to tenants without prior City of Chicago – Department of Housing approval.

14. INCOME TAX STATUS

The Renaissance Collaborative, Inc. and Renaissance Partners, LTD., are exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to The

Renaissance Collaborative, Inc.'s and Renaissance Partners, LTD's tax-exempt purpose is subject to taxation as unrelated business income. During the 2022 and 2021 calendar years, there was no unrelated business income. Accordingly, no provision for income taxes has been calculated and recorded. In addition, The Renaissance Collaborative Inc. and Renaissance Partners, LTD., qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization that is not a private foundation under Section 509(a) (2).

Uncertainty Income Tax Position

Management believes that all the positions taken by the Organization in its Federal and State Income tax returns are more likely than not to be sustained upon examination. The Organization files returns in the U.S. Federal Jurisdiction and Illinois Attorney's General Office.

15. PRIOR PERIOD ADJUSTMENTS

Net adjustments in net assets and partners' capital for year ended December 31, 2022 and 2021, resulted from corrections to accounts receivable and current liabilities from prior year. Although there were significant changes to net assets and partners' capital in relation to the respective entities, Management decided that a restatement of prior year financial statements was not necessary. Net increase/decrease as of December 31, 2022, and 2021 are \$75,840 and \$(49,864), respectively.

16. ADVERTISING

The Organization's expenses advertising costs in the year it is incurred. Advertising expenses for the years ended December 31, 2022, and 2021 was \$-0- and \$-0-, respectively.

17. EMPLOYEE BENEFIT PLAN

The Organization offers a contributory retirement-savings plan under Section 403(b) of the Internal Revenue Code which is available to all employees who have attained certain service requirements. Contributions made to the plan are entrusted to ADP retirement services which provides investment consultation and administration. Contributions made to the plan, including employee and employer contributions, employer contributions are limited to 3% of the employee's years end compensation. Employees must be employed during the time of funding to receive the 3% match. For the years ended December 31, 2022, and 2021 employer contributions made to the plan were \$-0- and \$646, respectively.

18. TENANTS AND OTHER ACCOUNTS RECEIVABLES

Receivables for the years ended December 31, 2022, and 2021 are amounts due from various tenants and other various sources. After an internal assessment of the tenant ledger accounts that are over one month in arrears and all efforts to collect have been exhausted, the Organization deems the balances uncollectible and writes it off to bad debt expense. The Organization deems receivables to be 75% collectible based upon historical data and due to collections being unpredictable, the Organization did not calculate or record an allowance for doubtful accounts Total bad debt expense for the years ended December 31, 2022, and 2021 is \$-0- and \$ -0 -, respectively.

There is no major concentration of credit risk in receivables as The Renaissance Collaborative, Inc., and Affiliates has funds due from multiple sources. The accounts receivable balances for the years ended December 31, 2022, and 2021, were \$247,077 and \$278,450, respectively.

19. DONATED GOODS AND SERVICES

In accordance with the requirements of Statement of Financial accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, donated goods and services are reflected as contributions in the financial statements at fair value. For the years ended December 31, 2022, and 2021, the Organization received In-Kind services totaling \$-0- and \$-0-, respectively.

20. LEASE ACCOUNTING

Effective January 1, 2022, the Organization adopted *FASB ASU 2016-02 (Topic 842) – Leases*, and elected the package of practical expedients permitted under the transition guidance within the new standard, which includes relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases

that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

Management of The Renaissance Collaborative, Inc., and affiliates, determines if an arrangement contains a lease at inception based on whether the organization has the right to control the asset during the contract period and other facts and circumstances. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term. However, The Renaissance Collaborative, Inc. and Affiliates management determined implementing the new lease standard for its copier machine lease, impractical because it has recorded the asset and liability for the equipment and uses straight-line depreciation since the inception of the lease. Furthermore, implementing the new lease standard to the copier machine lease that expires on March 24, 2023, creates an immaterial balance and would cause accounting complexities. Management decided that implementing the new lease standard after the expiration of the current lease and the execution of a new lease at full term would be a more reasonable approach.

NOTE B - COMMITMENTS AND OBLIGATIONS

1. MORTGAGE NOTE

On June 29, 1999, the City of Chicago made a loan to The Renaissance Collaborative, Inc's affiliate, Renaissance Partners, Ltd. totaling \$7,168,618 (the "Loan"). The Loan was evidenced by two notes: (i) a note in the amount of \$4,168,618 (the "DOH Note") and (ii) a note in the amount of \$3,000,000 (the "EZ Note"). The DOH Note was funded with HOME funds, Multi-Program Funds and SHP Funds; the EZ Note was funded with Empowerment Zone Funds. The loan funds were used in connection with an affordable housing project. As is customary in these details, the Loan is termed a "soft" source, meaning that it has terms that are more favorable to the borrower than those that would be available for a commercial lender. In this case, the "soft" terms of the Note include a zero percent (0%) annual percentage rate, a 32-year term and principal payments that are only required if, (a) there is rental subsidy received or (b) there is sufficient cash flow. The Loan has a balloon payment of all principal due at maturity. The Loan will need to be refinanced at maturity, which is June 28, 2031. No amount is projected to be payable in 2022, therefore no current liabilities were calculated.

2. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Renaissance Collaborative, Inc., and Affiliates' main asset is the Apartment building. The Organizations operations are concentrated in the public housing real estate market. In addition, TRC operates in a heavily regulated environment. The operations of Organization are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including but not limited to City of Chicago. Such administrative directives, rules and regulations are subject to change by an Act of the City Council of the City of Chicago or an Act of Congress. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with change.

3. RELATED PARTY TRANSACTIONS

The Renaissance Collaborative Inc., and Affiliates is responsible for management of a HUD regulated housing Project named TRC Senior Village 1, NFP (commonly known as the Project) and has transferred funds and/or loaned funds to TRC Senior Village 1, NFP on various occasions in prior years and the current year. The transfer and/or loan from the management company to the Project are the result of delayed funding from HUD to pay operating expenses. The management company and the Project entered into a Promissory Note that stipulates the terms of the transactions. Related party transactions consist mainly of loans from the Organization to other related parties and are classified as loans receivables. Also, refer to **Note B-8** on page 22 for additional information concerning inter-organizational transactions. A summary of loans receivable as of December 31, 2022, and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Corporate Receivable	166,695	77,635
Corporate Payable	<u>(166,695)</u>	<u>(77,635)</u>
Total Related Party Transactions	<u>\$ -</u>	<u>\$ -</u>

In July 2009, The Renaissance Collaborative, Inc., and Affiliates entered into a property/asset management agreement with TRC Senior Village 1, NFP (commonly known as the Project). Pursuant to the agreement, the Project is obligated to pay The Renaissance Collaborative, Inc. a monthly management fee of 10% of monthly gross income effective August 21, 2014. During the years ended December 31, 2022, and 2021, The Renaissance Collaborative, Inc. earned and was paid \$90,901 and \$65,060 respectively, under this agreement.

The Renaissance Collaborative, Inc., also has ownership in its affiliate, The Renaissance Partnership, LTD., totaling \$1,883,343.

4. CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS & INVESTMENTS IN EXCESS OF INSURED LIMITS

The Renaissance Collaborative, Inc., and Affiliates maintains its cash and investment accounts in various local banks throughout the City of Chicago and surrounding areas. Account amounts up to \$500,000 are guaranteed by the Securities Investor Protection Corporation (SIPC). A summary of the insured and uninsured securities investments balances is as follows:

<u>Bank</u>	<u>SIPC Insured</u>	<u>Uninsured</u>	<u>Fair Market Value</u>
Bernstein Investments	<u>\$ 500,000</u>	<u>\$ 797,714</u>	<u>\$ 1,297,714</u>

The Organization's investments objectives are capital appreciation, income and aggressive income that provide a high level of current income.

Furthermore, cash checking and savings account balances amounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC), insures deposits up to \$250,000 per depositor. A summary of the insured and uninsured balances for the year ended December 31, 2021, are as follows:

<u>Bank</u>	<u>FDIC Insured</u>	<u>Uninsured</u>	<u>Totals</u>
Citibank	\$ 3,230	\$ -	\$ 3,230
PNC Bank	130,066	-	130,066
Providence Bank	2,464	-	2,464
JP Morgan Chase	32,194	-	32,194
Fifth Third Bank	118,489	-	118,489
GN Bank	90,629	-	90,629
South Side Community Bank	4,002	-	4,002
Total	<u>\$ 381,074</u>	<u>\$ -</u>	<u>\$ 381,074</u>

5. OTHER SECURITY DEPOSIT – SPACE

The Renaissance Collaborative, Inc., and Affiliates (lessor) entered into a lease agreement with Center for New Horizons, Inc., (lessee), effective July 1, 2021. The terms of the lease agreement is a one (1) year agreement in which Center for New Horizons, Inc.- lease agrees to pay \$4,000 as a security deposit and a fixed amount of

\$4,200 per month. The lease expired on June 30, 2022, in which, upon expiration of the lease, the tenancy shall continue on a month-to-month or "Tenancy At Will", basis unless the Landlord gives notice for the tenant to vacate.

6. SBA PAYCHECK PROTECTION PROGRAM LOAN

On April 21, 2021, The Renaissance Collaborative, Inc., and Affiliates participated in the Coronavirus Aid Relief and Economic Security Act of 2020 also known as the "Cares Act". The organization is in the deferment period which means the period beginning on the date of the first disbursement of this loan and ending on the date that is six (6) months after the first disbursement. If the organization is successful in seeking forgiveness of the loan by the SBA, the organization will either be totally forgiven or have a forgiven amount which means the amount determined by the SBA in accordance with section 1106 of the Cares Act and the related PPP regulations. Upon forgiveness of the loan, the Organization will recognize revenue. The pertinent loan information is as follows:

Lender:	Fifth Third Bank
Effective Date:	April 21, 2021
Loan Amount:	\$169,317
Interest Rate:	1.0% per Annum
Maturity Date:	April 21, 2023

The Organization applied for and received full forgiveness of the SBA Paycheck Protection Program on June 1, 2022, thus, the proceeds from the loan will be recorded as other income in calendar year ending December 31, 2022.

7. JCUA - RAD2 DEVELOPMENT LOAN

On August 9, 2020, The Renaissance Collaborative, Inc., and Affiliates entered into an agreement with the Jewish Council on Urban Affairs (JCUA), in which the JCUA agreed to loan The Organization \$100,000 to exclusively cover a portion of the pre-development costs associated with the rehabilitation of the Wabash YMCA. The terms of the agreement are that the loan is unsecured with a 0% interest rate to which to the unpaid balance principal of the loan shall be due and payable on the earlier to occur of (i) the date of closing and disbursement of the first mortgage loan for the development, or (ii) February 15, 2022. Furthermore, there are no pre-payment penalties associated with the loan and are encouraged, when possible, to restore loan fund to Community Ventures 2011, LLC. As of December 31, 2022, the Organization has not closed on the real estate agreement to which the term of the loan is still being negotiated. Additionally, no disbursements from the initial loan amount have been made.

8. CORPORATE RECEIVABLE/PAYABLE

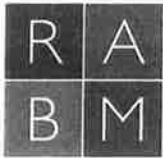
Corporate receivable/payable represent cash transfers from The Renaissance Collaborative, Inc. to The Renaissance Partners, Ltd. for operational costs the partnership incurs during daily operations such as payroll and Bronzeville Green landscaping expenses. Management expects funds to be transferred back to The Renaissance Collaborative, Inc. when funds are available. Please refer to **Note B-3**, on page 20, for additional information.

9. UNEARNED REVENUE

The Organization has deferred program revenue from advances from the Illinois Department of Human Services of \$436,375 and \$192,222 at December 31, 2022, and 2021, respectively. Deferred program revenue has been recorded for program services as a liability and will be recorded in the year it was earned, and prepaid program fees that are associated with programs occurring in the next calendar year.

10. BERNSTEIN – INVESTMENT LOAN

The Renaissance Collaborative, Inc., and Affiliates maintains a margin balance of \$150,000 at Alliance Bernstein, LP. The Organization's investment account will be charged interest based on the average margin balance over the interest period; interest rate may change without notice and is based on commercially recognized interest rates, set at Alliance Bernstein LP's discretion. The margin balance in the investment account as of December 31, 2022, is negative, which represents what is owed to the brokerage.



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors of
The Renaissance Collaborative, Inc., and Affiliates
Chicago, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of The Renaissance Collaborative, Inc., and Affiliates which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related consolidated notes to the financial statements, and have issued our report thereon dated October 9, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Renaissance Collaborative, Inc., and Affiliates internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Renaissance Collaborative, Inc., and Affiliates internal control. Accordingly, we do not express an opinion on the effectiveness of The Renaissance Collaborative, 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 consolidated financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Renaissance Collaborative, Inc., and Affiliates consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We also noted a certain matter that we reported to management of The Renaissance Collaborative, Inc., and Affiliates in a separate letter dated October 9, 2023.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Ragland, Arnold, Buchanan, Morris & Associates, LLC". The signature is written in a cursive, flowing style.

Ragland, Arnold, Buchanan, Morris & Associates, LLC
Certified Public Accountants

Mokena, Illinois
October 9, 2023

THE RENAISSANCE COLLABORATIVE, INC., AND AFFILIATES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
YEAR ENDED DECEMBER 31, 2022

No findings reported in calendar year 2021.

THE RENAISSANCE COLLABORATIVE, INC., AND AFFILIATES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2022

SECTION I - SUMMARY OF AUDITORS' RESULTS

Consolidated Financial Statements

Type of auditor's report issued:	UNMODIFIED	
Internal control over financial reporting:		
Material weakness(es) identified?	_____yes	___X___no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____yes	___X___no
Noncompliance material to consolidated financial statements noted?	_____yes	___X___no

SECTION II – CONSOLIDATED FINANCIAL STATEMENT FINDINGS

No Consolidated Financial Statement Findings were noted for the year ended December 31, 2022.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No Federal Award Finding and Questioned Costs were noted for the year ended December 31, 2022.