THE RENAISSANCE COLLABORATIVE, INC.
CHICAGO, ILLINOIS

CONSOLIDATED FINANCIAL AND COMPLIANCE AUDIT REPORT
YEARS ENDED DECEMBER 31, 2017 AND 2016
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEPENDENT AUDITORS' REPORT</td>
<td>3</td>
</tr>
<tr>
<td>CONSOLIDATED FINANCIAL STATEMENTS:</td>
<td></td>
</tr>
<tr>
<td>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</td>
<td>5</td>
</tr>
<tr>
<td>CONSOLIDATED STATEMENT OF ACTIVITIES</td>
<td>7</td>
</tr>
<tr>
<td>CONSOLIDATED STATEMENT OF CASH FLOWS</td>
<td>8</td>
</tr>
<tr>
<td>CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES</td>
<td>9</td>
</tr>
<tr>
<td>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</td>
<td>11</td>
</tr>
<tr>
<td>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</td>
<td>19</td>
</tr>
<tr>
<td>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS</td>
<td>21</td>
</tr>
<tr>
<td>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</td>
<td>22</td>
</tr>
<tr>
<td>CORRECTIVE ACTION PLAN</td>
<td>24</td>
</tr>
<tr>
<td>EXIT CONFERENCE</td>
<td>25</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS’ REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of The Renaissance Collaborative, Inc., and affiliates, which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management’s Responsibility 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements 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 entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Renaissance Collaborative, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note A-13 to the financial statements, certain immaterial adjustments were made to correct prior year cash and accounts payable balances and to reconcile intercompany activity using consolidating entries stemming from the prior year resulting in a net decrease in net assets & partners’ capital. Accordingly, an adjustment has been made to net assets as of December 31, 2017, to correct the errors. The financial statements as of December 31, 2016 were not restated. Our opinion is not modified with respect to this matter.
Report on Summarized Comparative Information

We have previously audited The Renaissance Collaborative Inc.'s 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 21, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 29, 2018, on our consideration of The Renaissance Collaborative, 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 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 internal control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Renaissance Collaborative Inc.'s internal control over financial reporting and compliance.

Ragland, Arnold, Buchanan, Morris, & Associates LLC

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

Mokena, Illinois
June 29, 2018
THE RENAISSANCE COLLABORATIVE, INC.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)  

ASSETS

<table>
<thead>
<tr>
<th></th>
<th>The Renaissance Collaborative, Inc.</th>
<th>Renaissance Partners, Ltd.</th>
<th>Consolidating Entries</th>
<th>2017 Consolidated Total</th>
<th>2016 Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$3,683</td>
<td>$10,828</td>
<td>$-</td>
<td>$14,511</td>
<td>$64,349</td>
</tr>
<tr>
<td>Tenants accounts receivable (Note A-16)</td>
<td>-</td>
<td>52,478</td>
<td>-</td>
<td>52,478</td>
<td>7,897</td>
</tr>
<tr>
<td>Other receivable</td>
<td>86,247</td>
<td>3,370</td>
<td>-</td>
<td>89,617</td>
<td>21,794</td>
</tr>
<tr>
<td>Grants receivable (Note A-4)</td>
<td>51,086</td>
<td>-</td>
<td>-</td>
<td>51,086</td>
<td>57,509</td>
</tr>
<tr>
<td>Investment in RPLP</td>
<td>1,883,343</td>
<td>-</td>
<td>(1,883,343)</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Pre-paid expenses</td>
<td>17,956</td>
<td>46,643</td>
<td>-</td>
<td>64,599</td>
<td>9,923</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>2,042,315</td>
<td>113,319</td>
<td>(1,883,343)</td>
<td>272,291</td>
<td>161,472</td>
</tr>
</tbody>
</table>

Tenant security deposits, restricted (Note A-9)

Tenant match account 6,621

**REstricted DEPOSITS**

Operations/Replacement reserve (Note A-7 & Note A-8)

|                          | 91,263                             | 1,788,652                    | -                     | 1,879,915               | 1,663,794               |
| **Total restricted deposits** | 97,884                            | 1,816,667                    | -                     | 1,914,551               | 1,723,268               |

**NON-CURRENT ASSETS**

Property & equipment, net of accumulated depreciation

Intangible assets, net of accumulated amortization (Note A-10)

|                          | 316,426                            | 3,821,353                    | -                     | 4,137,779               | 4,510,555               |
|                          | 2,200                              | 4,288                        | -                     | 6,488                   | 6,939                   |
| **Total non-current assets** | 318,626                             | 3,825,641                    | -                     | 4,144,267               | 4,517,494               |

**OTHER ASSETS**

Loans receivable (Note B-3)

|                          | 365,826                            | 1,225,141                    | (1,134,287)           | 456,680                 | 456,680                 |
| **Total other assets**   | 365,826                            | 1,225,141                    | (1,134,287)           | 456,680                 | 456,680                 |

**TOTAL ASSETS**

|                          | $2,824,651                          | $6,980,768                   | ($3,017,630)          | $6,787,789              | $6,858,914              |

The accompanying notes are an integral part of these financial statements.
### THE RENAISSANCE COLLABORATIVE, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

#### LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$106,830</td>
<td>$59,643</td>
<td></td>
<td>$166,473</td>
<td>$101,332</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>52,267</td>
<td>7,901</td>
<td></td>
<td>60,168</td>
<td>65,564</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>159,097</td>
<td>67,544</td>
<td></td>
<td>226,641</td>
<td>166,896</td>
</tr>
<tr>
<td><strong>DEPOSIT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenant security deposits - contra (Note A-9)</td>
<td></td>
<td>26,484</td>
<td></td>
<td>26,484</td>
<td>22,013</td>
</tr>
<tr>
<td>Tenant match account - contra</td>
<td>36,622</td>
<td></td>
<td></td>
<td>36,622</td>
<td>36,622</td>
</tr>
<tr>
<td>Total deposit liabilities</td>
<td>36,622</td>
<td>26,484</td>
<td></td>
<td>63,106</td>
<td>58,635</td>
</tr>
<tr>
<td><strong>OTHER CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Note payable (Note B-5)</td>
<td>-</td>
<td>46,643</td>
<td></td>
<td>46,643</td>
<td>-</td>
</tr>
<tr>
<td>Total other current liabilities</td>
<td>-</td>
<td>46,643</td>
<td></td>
<td>46,643</td>
<td>-</td>
</tr>
<tr>
<td><strong>NONCURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term debt (Note B-1)</td>
<td>503,375</td>
<td>7,168,618</td>
<td>(503,375)</td>
<td>7,168,618</td>
<td>7,168,618</td>
</tr>
<tr>
<td>Loan payable</td>
<td>101,870</td>
<td></td>
<td></td>
<td>101,870</td>
<td>80,609</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td>605,245</td>
<td>7,168,618</td>
<td>(503,375)</td>
<td>7,270,488</td>
<td>7,249,227</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>800,964</td>
<td>7,309,289</td>
<td>(503,375)</td>
<td>7,806,878</td>
<td>7,474,758</td>
</tr>
</tbody>
</table>

#### NET ASSETS & PARTNERS' CAPITAL (Note A-2)

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Partners' Capital (Deficit)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted (Deficit)</td>
<td>2,023,687</td>
<td>(328,521)</td>
<td>(2,514,255)</td>
<td>(328,521)</td>
<td>(362,201)</td>
</tr>
<tr>
<td>Total unrestricted net assets &amp; partners' capital (Deficit)</td>
<td>2,023,687</td>
<td>(328,521)</td>
<td>(2,514,255)</td>
<td>(819,089)</td>
<td>(615,844)</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES NET ASSETS**

|                                    | $2,824,651                          | $6,900,768                   | ($3,017,830)     | $6,787,789                | $6,858,914                |
THE RENAISSANCE COLLABORATIVE, INC.  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

CHANGES IN UNRESTRICTED NET ASSET AND 
REVENUE:

<table>
<thead>
<tr>
<th>The</th>
<th>Consolidating</th>
<th>2017 Total</th>
<th>2016 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Renaissance Collaborative, Inc.</td>
<td>Renaissance Partners, Ltd.</td>
<td>Entries</td>
</tr>
<tr>
<td></td>
<td>$128,040</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>U.S. Dept. of Housing &amp; Urban Development</td>
<td>85,637</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Illinois Dept. of Human Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>City of Chicago Dept. of Business Affairs &amp; Consumer Protection</td>
<td>30,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>City of Chicago Dept. of Planning &amp; Development</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total unrestricted public support</td>
<td>243,677</td>
<td>250,797</td>
<td></td>
</tr>
</tbody>
</table>

REVENUES (Note A-5)

<table>
<thead>
<tr>
<th>RENT REVENUES</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHA HAP revenues</td>
</tr>
<tr>
<td>Tenant rental income (net vacancies)</td>
</tr>
<tr>
<td>YMCA income</td>
</tr>
<tr>
<td>Rental space income</td>
</tr>
<tr>
<td>Real estate management income</td>
</tr>
<tr>
<td>Landscaping income</td>
</tr>
<tr>
<td>Total rent revenues</td>
</tr>
</tbody>
</table>

FINANCIAL REVENUES

<table>
<thead>
<tr>
<th>Interest income</th>
<th>3</th>
<th>132</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues from investments - Replacement reserve</td>
<td>219</td>
<td>-</td>
</tr>
<tr>
<td>Revenues from investments - Securities</td>
<td>-</td>
<td>29,858</td>
</tr>
<tr>
<td>Unrealized Gain/Loss on investments</td>
<td>-</td>
<td>171,308</td>
</tr>
<tr>
<td>Total financial revenues</td>
<td>222</td>
<td>201,298</td>
</tr>
</tbody>
</table>

OTHER REVENUES

| Individual/Board member donations | 8,090 | - |
| Fundraising income | 53,422 | - |
| Foundations & corporate grants | 95,700 | - |
| Laundry commission | - | 3,877 |
| Other revenue | 218,295 | 5,442 | (187,995) | 35,742 | 35,688 |
| Total other revenues | 375,507 | 9,319 | (187,995) | 196,831 | 205,214 |

Total unrestricted public support and revenue | 1,024,818 | 993,017 | (271,640) | 1,746,195 | 1,663,592 |

EXPENSES (Note A-6)

| Program and operating expenses | 657,499 | 872,016 | (187,995) | 1,341,520 | 1,292,221 |
| General and administrative expenses | 403,761 | 87,321 | (83,645) | 407,437 | 574,971 |
| Fundraising expenses | 159,429 | - | - | 159,429 | 22,820 |
| Total expenses | 1,220,689 | 959,337 | (271,640) | 1,908,386 | 1,890,012 |

(Decrease) increase in unrestricted net assets & partners’ capital (Note A-12)

| (195,871) | 33,680 | (162,191) | (225,420) |

Net assets & Partners’ Capital (Deficit) - beginning of year | 2,219,689 | (362,201) | (2,473,332) | (615,844) | (258,968) |

Adjustment of net assets & partners’ capital (Deficit), beginning of year (Note A-13)

| (131) | - | (40,923) | (41,054) | (130,456) |

Net assets & partners’ capital (Deficit) - beginning of year, adjusted | 2,219,558 | (362,201) | (2,514,255) | (656,838) | (389,424) |

Net assets & partners’ capital (Deficit) - end of year (Note A-2)

| $2,023,687 | $ (328,521) | $ (2,514,255) | $819,089 | $615,844 |

The accompanying notes are an integral part of these financial statements.
THE RENAISSANCE COLLABORATIVE, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

<table>
<thead>
<tr>
<th></th>
<th>The Renaissance Collaborative, Inc.</th>
<th>Renaissance Partners, Ltd.</th>
<th>Consolidated Entries</th>
<th>2017 Consolidated Total</th>
<th>2016 Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Decrease) increase in net assets &amp; partners' capital (Note A-12)</td>
<td>$ (195,871)</td>
<td>$ 33,680</td>
<td>$ -</td>
<td>$ (162,191)</td>
<td>$ (226,420)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation expense (Note A-9)</td>
<td>383,809</td>
<td>-</td>
<td>-</td>
<td>383,809</td>
<td>383,654</td>
</tr>
<tr>
<td>Amortization expense</td>
<td>451</td>
<td>-</td>
<td>-</td>
<td>451</td>
<td>451</td>
</tr>
<tr>
<td>(Increase) decrease in assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tenant accounts receivable</td>
<td>-</td>
<td>(44,581)</td>
<td>-</td>
<td>(44,581)</td>
<td>(6,270)</td>
</tr>
<tr>
<td>Other receivable</td>
<td>(68,537)</td>
<td>714</td>
<td>-</td>
<td>(67,823)</td>
<td>(15,822)</td>
</tr>
<tr>
<td>Prepaid expenses and other current</td>
<td>(8,033)</td>
<td>(46,643)</td>
<td>-</td>
<td>(54,676)</td>
<td>(5,605)</td>
</tr>
<tr>
<td>Grants and contracts receivable, net</td>
<td>6,423</td>
<td>-</td>
<td>-</td>
<td>6,423</td>
<td>16,709</td>
</tr>
<tr>
<td>Tenant security deposits</td>
<td>-</td>
<td>(5,163)</td>
<td>-</td>
<td>(5,163)</td>
<td>-</td>
</tr>
<tr>
<td>Reserve accounts (Note A-7)</td>
<td>9,786</td>
<td>(225,907)</td>
<td>-</td>
<td>(216,121)</td>
<td>(56,486)</td>
</tr>
<tr>
<td>Tenant match account</td>
<td>30,001</td>
<td>-</td>
<td>-</td>
<td>30,001</td>
<td>(1,397)</td>
</tr>
<tr>
<td>Loans receivable</td>
<td>(74,604)</td>
<td>(184,385)</td>
<td>-</td>
<td>(258,989)</td>
<td>(154,500)</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>21,620</td>
<td>43,541</td>
<td>-</td>
<td>65,161</td>
<td>48,238</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(2,622)</td>
<td>(2,774)</td>
<td>-</td>
<td>(5,396)</td>
<td>(11,774)</td>
</tr>
<tr>
<td>Tenant match account</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,397</td>
</tr>
<tr>
<td>Tenant security deposit (Note A-9)</td>
<td>-</td>
<td>4,450</td>
<td>-</td>
<td>4,450</td>
<td>1,272</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>21,261</td>
<td>-</td>
<td>-</td>
<td>21,261</td>
<td>34,541</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>(379,765)</td>
<td>379,765</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Prior period adjustments (Note A-13)</td>
<td>(131)</td>
<td>-</td>
<td>(40,923)</td>
<td>(41,054)</td>
<td>(130,456)</td>
</tr>
<tr>
<td><strong>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</strong></td>
<td>(256,212)</td>
<td>(47,303)</td>
<td>(40,923)</td>
<td>(344,438)</td>
<td>(108,611)</td>
</tr>
</tbody>
</table>

**CASH FLOWS FROM INVESTING ACTIVITIES**

| Purchase of property and equipment | (9,000) | (2,032) | - | (11,032) | (48,655) |
| **CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES** | (9,000) | (2,032) | - | (11,032) | (48,655) |

**CASH FLOWS FROM FINANCING ACTIVITIES**

| Principal borrowings on notes payable | 218,066 | 46,643 | - | 264,709 | 154,500 |
| **CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES** | 218,066 | 46,643 | - | 264,709 | 154,500 |

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

| (47,146) | (2,692) | - | (49,838) | (2,767) |

**CASH AT BEGINNING OF YEAR**

| 50,829 | 13,520 | - | 64,349 | 67,116 |

**CASH AT END OF YEAR (Note A-3 & Note B-4)**

| $ 3,683 | $ 10,828 | $ - | $ 14,511 | $ 64,349 |

**CASH PAID DURING THE YEAR FOR:**

| INTEREST | $ - | $ 1,158 | $ - | $ 1,158 | $ - |

The notes are an integral part of these financial statements.
## THE RENAISSANCE COLLABORATIVE, INC.  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2017**  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

<table>
<thead>
<tr>
<th></th>
<th>Social Services</th>
<th>Bronzeville Green</th>
<th>Sr. Village Health &amp; Wellness</th>
<th>Property Mgmt</th>
<th>Bronzeville Retail Initiative</th>
<th>TRC, Inc.</th>
<th>RPLP</th>
<th>Total Program Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 149,315</td>
<td>$ 133,544</td>
<td>$ -</td>
<td>$ 179,541</td>
<td>$ -</td>
<td>$ 462,400</td>
<td>$ 163,567</td>
<td>$ 625,967</td>
</tr>
<tr>
<td>Payroll taxes &amp; Employee benefits</td>
<td>23,695</td>
<td>31,593</td>
<td>-</td>
<td>31,593</td>
<td>-</td>
<td>86,881</td>
<td>24,428</td>
<td>111,309</td>
</tr>
<tr>
<td>Advertising (Note A-14)</td>
<td>-</td>
<td>1,052</td>
<td>-</td>
<td>-</td>
<td>1,062</td>
<td>-</td>
<td>-</td>
<td>1,052</td>
</tr>
<tr>
<td>Occupancy</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tenant expenses</td>
<td>4,840</td>
<td>-</td>
<td>4,221</td>
<td>-</td>
<td>-</td>
<td>9,061</td>
<td>-</td>
<td>9,061</td>
</tr>
<tr>
<td>Telephone</td>
<td>2,677</td>
<td>3,568</td>
<td>-</td>
<td>3,568</td>
<td>-</td>
<td>9,813</td>
<td>9,813</td>
<td>18,740</td>
</tr>
<tr>
<td>Supplies</td>
<td>-</td>
<td>13,446</td>
<td>-</td>
<td>-</td>
<td>13,446</td>
<td>5,294</td>
<td>18,086</td>
<td>18,086</td>
</tr>
<tr>
<td>Rental and maintenance of equip.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>63,581</td>
</tr>
<tr>
<td>Building repairs &amp; maintenance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>63,581</td>
<td>-</td>
<td>-</td>
<td>63,581</td>
</tr>
<tr>
<td>Maintenance/Service Contracts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>41,826</td>
<td>41,826</td>
<td>-</td>
<td>41,826</td>
</tr>
<tr>
<td>Equipment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,358</td>
<td>1,358</td>
<td>1,358</td>
</tr>
<tr>
<td>Printing and Publications</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Conference and meetings</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Travel</td>
<td>-</td>
<td>8,516</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>8,516</td>
<td>-</td>
<td>8,516</td>
</tr>
<tr>
<td>Professional fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>90,130</td>
<td>90,130</td>
</tr>
<tr>
<td>Fees &amp; Permits</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,491</td>
<td>3,491</td>
</tr>
<tr>
<td>Office expense</td>
<td>3,935</td>
<td>5,246</td>
<td>-</td>
<td>5,246</td>
<td>-</td>
<td>14,427</td>
<td>-</td>
<td>14,427</td>
</tr>
<tr>
<td>Fines/penalties</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Utilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>98,596</td>
<td>98,596</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>9,223</td>
<td>12,297</td>
<td>-</td>
<td>12,297</td>
<td>-</td>
<td>33,817</td>
<td>-</td>
<td>33,817</td>
</tr>
<tr>
<td>Gala/Friendraiser expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12,297</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Computer expense</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Staff Development/Training</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses before depreciation/amortization</td>
<td>$ 193,685</td>
<td>$ 227,348</td>
<td>$ 4,221</td>
<td>$ 232,245</td>
<td>$ -</td>
<td>$ 657,499</td>
<td>$ 492,271</td>
<td>$ 1,149,770</td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>451</td>
<td>451</td>
</tr>
<tr>
<td>Depreciation (Note A-10)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>379,294</td>
<td>379,294</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$ 193,685</td>
<td>$ 227,348</td>
<td>$ 4,221</td>
<td>$ 232,245</td>
<td>$ -</td>
<td>$ 657,499</td>
<td>$ 872,016</td>
<td>$ 1,529,515</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
# THE RENAISSANCE COLLABORATIVE, INC.
## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
### YEAR ENDED DECEMBER 31, 2017
#### (WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)

## SUPPORTIVE SERVICES

<table>
<thead>
<tr>
<th></th>
<th>TRC, Inc. Management and General</th>
<th>RPLP Management and General</th>
<th>Fundraising</th>
<th>Total Supporting Services</th>
<th>Consolidating Entries</th>
<th>2017 Consolidated Total</th>
<th>2016 Consolidated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 216,577</td>
<td>$ -</td>
<td>$ 95,046</td>
<td>$ 311,623</td>
<td>(163,567)</td>
<td>$ 774,023</td>
<td>$ 810,085</td>
</tr>
<tr>
<td>Payroll taxes &amp; Employee benefits</td>
<td>50,648</td>
<td>-</td>
<td>20,436</td>
<td>71,084</td>
<td>(24,428)</td>
<td>157,965</td>
<td>162,475</td>
</tr>
<tr>
<td>Advertising (Note A-14)</td>
<td>322</td>
<td>-</td>
<td>-</td>
<td>322</td>
<td>-</td>
<td>1,374</td>
<td>7,175</td>
</tr>
<tr>
<td>Occupancy</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,061</td>
<td>9,730</td>
</tr>
<tr>
<td>Tenant expenses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9,061</td>
<td>9,730</td>
</tr>
<tr>
<td>Telephone</td>
<td>6,648</td>
<td>2,564</td>
<td>1,383</td>
<td>10,595</td>
<td>-</td>
<td>20,408</td>
<td>12,569</td>
</tr>
<tr>
<td>Supplies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>18,740</td>
<td>31,996</td>
</tr>
<tr>
<td>Rental and maintenance of equip.</td>
<td>89</td>
<td>-</td>
<td>-</td>
<td>89</td>
<td>-</td>
<td>18,175</td>
<td>25,754</td>
</tr>
<tr>
<td>Building repairs &amp; maintenance</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>63,581</td>
<td>55,388</td>
</tr>
<tr>
<td>Maintenance/Service Contracts</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>41,826</td>
<td>36,888</td>
</tr>
<tr>
<td>Equipment</td>
<td>96</td>
<td>-</td>
<td>-</td>
<td>96</td>
<td>-</td>
<td>1,454</td>
<td>4,153</td>
</tr>
<tr>
<td>Printing and Publications</td>
<td>7,099</td>
<td>-</td>
<td>-</td>
<td>7,099</td>
<td>-</td>
<td>7,099</td>
<td>4,287</td>
</tr>
<tr>
<td>Postage and shipping</td>
<td>2,646</td>
<td>47</td>
<td>-</td>
<td>2,693</td>
<td>-</td>
<td>2,693</td>
<td>921</td>
</tr>
<tr>
<td>Conference and meetings</td>
<td>1,089</td>
<td>-</td>
<td>1,089</td>
<td>2,178</td>
<td>-</td>
<td>1,089</td>
<td>3,154</td>
</tr>
<tr>
<td>Travel</td>
<td>1,225</td>
<td>-</td>
<td>68</td>
<td>1,293</td>
<td>-</td>
<td>9,809</td>
<td>12,063</td>
</tr>
<tr>
<td>Professional fees</td>
<td>53,129</td>
<td>3,420</td>
<td>21,801</td>
<td>78,350</td>
<td>(83,645)</td>
<td>84,635</td>
<td>92,101</td>
</tr>
<tr>
<td>Fees &amp; Permits</td>
<td>2,679</td>
<td>-</td>
<td>253</td>
<td>2,932</td>
<td>-</td>
<td>6,423</td>
<td>4,330</td>
</tr>
<tr>
<td>Office expense</td>
<td>11,804</td>
<td>7,151</td>
<td>-</td>
<td>19,955</td>
<td>-</td>
<td>33,382</td>
<td>14,327</td>
</tr>
<tr>
<td>Fines/penalties</td>
<td>3,536</td>
<td>-</td>
<td>-</td>
<td>3,536</td>
<td>-</td>
<td>3,536</td>
<td>1,537</td>
</tr>
<tr>
<td>Utilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>98,996</td>
<td>93,992</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>1</td>
<td>1,142</td>
<td>-</td>
<td>1,143</td>
<td>-</td>
<td>1,143</td>
<td>5,128</td>
</tr>
<tr>
<td>Insurance</td>
<td>27,669</td>
<td>68,207</td>
<td>-</td>
<td>95,876</td>
<td>-</td>
<td>129,693</td>
<td>78,753</td>
</tr>
<tr>
<td>Gala/Friendraiser expenses</td>
<td>-</td>
<td>-</td>
<td>19,130</td>
<td>19,130</td>
<td>-</td>
<td>19,130</td>
<td>18,254</td>
</tr>
<tr>
<td>Interest expense</td>
<td>-</td>
<td>1,158</td>
<td>-</td>
<td>1,158</td>
<td>-</td>
<td>1,158</td>
<td>1,158</td>
</tr>
<tr>
<td>Computer expense</td>
<td>13,111</td>
<td>3,632</td>
<td>1,312</td>
<td>18,055</td>
<td>-</td>
<td>18,055</td>
<td>16,687</td>
</tr>
<tr>
<td>Staff Development/Training</td>
<td>878</td>
<td>-</td>
<td>-</td>
<td>878</td>
<td>-</td>
<td>878</td>
<td>4,160</td>
</tr>
<tr>
<td><strong>Total expenses before depreciation/amortization</strong></td>
<td><strong>$ 399,246</strong></td>
<td><strong>$ 87,321</strong></td>
<td><strong>$ 159,429</strong></td>
<td><strong>$ 645,996</strong></td>
<td><strong>$ (271,640)</strong></td>
<td><strong>$ 1,524,126</strong></td>
<td><strong>$ 1,505,907</strong></td>
</tr>
<tr>
<td>Amortization</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>451</td>
<td>451</td>
</tr>
<tr>
<td>Depreciation (Note A-10)</td>
<td>4,515</td>
<td>-</td>
<td>-</td>
<td>4,515</td>
<td>-</td>
<td>383,809</td>
<td>383,654</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$ 403,761</strong></td>
<td><strong>$ 87,321</strong></td>
<td><strong>$ 159,429</strong></td>
<td><strong>$ 650,511</strong></td>
<td><strong>$ (271,640)</strong></td>
<td><strong>$ 1,908,386</strong></td>
<td><strong>$ 1,890,012</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
THE RENAISSANCE COLLABORATIVE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017 AND 2016

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 ACCOUNTING

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

   Estimates

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

2. CONSOLIDATED FINANCIAL STATEMENT PRESENTATION

   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. All significant intercompany transactions are eliminated in the consolidated financial statements.

   Renaissance Partners, Ltd., due to substantial organizational control by The Renaissance Collaborative, Inc., is consolidated in these financial statements. The Renaissance Collaborative, Inc. had unrestricted net assets for the years ended December 31, 2017 and 2016 in the amount of $(619,069) and $(615,844), respectively.

   Date of Management’s Review

   Management has evaluated subsequent events through June 29, 2018, the date which the consolidated financial statements were available to be issued.

3. 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.

   Restricted cash 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.
4. 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. One a periodic basis, management performs an internal assessment of all grants and accounts receivable accounts and directly writes off delinquent balances at year end. The grants receivables of $51,086 and $57,509 represent billed and unbilled costs for which payments have not been received as of December 31, 2017 and 2016, respectively.

5. REVENUE RECOGNITION

Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. 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.

6. EXPENSE ALLOCATION

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 aforementioned management and general expenses relate to the overall direction of The Renaissance Collaborative, Inc. and include expenses for activities of 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. The management and general expenses, as well as the fund-raising expenses, are allocated in accordance with management's budget plan. These costs are disclosed in the Statement of Functional Expenses and are allocated to the cost categories benefited.

7. RESERVE FOR REPLACEMENTS AND RESERVE OPERATING DEFICITS

Under the terms of the Regulatory Agreement, TRC is 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 TRC to borrow from these funds to cover normal operating expenses in certain situations. Following is a summary of the reserve account balances:

<table>
<thead>
<tr>
<th>Bank Name</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illinois Service Federal</td>
<td>$90,226</td>
<td>$100,012</td>
</tr>
<tr>
<td>PNC Bank *</td>
<td>127,030</td>
<td>102,312</td>
</tr>
<tr>
<td>BMO Harris Bank</td>
<td>44,698</td>
<td>44,675</td>
</tr>
<tr>
<td>Bernstein Investments **</td>
<td>1,615,419</td>
<td>1,414,253</td>
</tr>
<tr>
<td>JP Morgan Chase Bank</td>
<td>2,542</td>
<td>2,542</td>
</tr>
<tr>
<td><strong>Total Reserves</strong></td>
<td><strong>$1,879,915</strong></td>
<td><strong>$1,663,794</strong></td>
</tr>
</tbody>
</table>

* 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 $127,030 PNC Bank reserve funds, $71,090 represent Reserve for Replacement funds which is intended to be used to fund replacement of furniture and equipment, major repairs and to pay for building improvements. The following is a reconciliation of the account as of December 31, 2017 and 2016:
Balance, at beginning of year $ 46,435 $ 57,558
Interest Income 45 37
Required contributions 43,610 49,840
Additional deposits - -
Withdrawals (19,000) (61,000)
Balance at end of year $ 71,090 $ 46,435

**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 2017 and 2016 totals are as follows:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market Funds</td>
<td>$ 9,419</td>
<td>$ 3,580</td>
</tr>
<tr>
<td>Bonds</td>
<td>388,496</td>
<td>377,747</td>
</tr>
<tr>
<td>US Equities</td>
<td>470,564</td>
<td>415,415</td>
</tr>
<tr>
<td>International Equities</td>
<td>203,251</td>
<td>140,959</td>
</tr>
<tr>
<td>Other</td>
<td>543,689</td>
<td>476,552</td>
</tr>
<tr>
<td></td>
<td>$ 1,615,419</td>
<td>$ 1,414,253</td>
</tr>
</tbody>
</table>

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-8 for additional information on Alliance Bernstein Investments (marketable securities) and fair value measurements.

8. **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. 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 of 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.’s 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, 2017 and 2016 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td><strong>Total</strong></td>
<td><strong>Quoted Market Price for Assets (Level 1)</strong></td>
</tr>
<tr>
<td>Marketable Securities</td>
<td>$1,615,419</td>
<td>$1,615,419</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td><strong>Total</strong></td>
<td><strong>Quoted Market Price for Assets (Level 1)</strong></td>
</tr>
<tr>
<td>Marketable Securities</td>
<td>$1,414,253</td>
<td>$1,414,253</td>
</tr>
</tbody>
</table>

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, 2017 and 2016:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and dividend income</td>
<td>$29,858</td>
<td>$27,256</td>
</tr>
<tr>
<td>Unrealized gain (loss)</td>
<td>171,308</td>
<td>40,072</td>
</tr>
<tr>
<td>Totals</td>
<td>$201,166</td>
<td>$67,328</td>
</tr>
</tbody>
</table>

9. TENANT SECURITY DEPOSITS
TRC 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, TRC 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, 2017 and 2016, the tenant security deposits are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenant security deposits in bank</td>
<td>$28,015</td>
<td>$22,852</td>
</tr>
<tr>
<td>Tenant security deposits (contra)</td>
<td>(26,484)</td>
<td>(22,013)</td>
</tr>
<tr>
<td>Amount over funded</td>
<td>$1,531</td>
<td>$839</td>
</tr>
</tbody>
</table>

10. 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 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’s equipment and leasehold improvements are summarized as follows:

<table>
<thead>
<tr>
<th>Property Description</th>
<th>Estimated Useful Lives</th>
<th>Cost</th>
<th>Accumulated Depreciation</th>
<th>Accumulated Amortization</th>
<th>Book Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>N/A</td>
<td>$49,973</td>
<td>$-</td>
<td>$-</td>
<td>$49,973</td>
</tr>
<tr>
<td>Building &amp; Improvements</td>
<td>17.0 - 27.5</td>
<td>$10,310,408</td>
<td>6,408,850</td>
<td>-</td>
<td>$3,901,558</td>
</tr>
<tr>
<td>Furniture &amp; Fixtures</td>
<td>5.0</td>
<td>$416,026</td>
<td>290,344</td>
<td>-</td>
<td>$125,682</td>
</tr>
<tr>
<td>Equipment</td>
<td>5.0 - 10.0</td>
<td>$66,037</td>
<td>57,155</td>
<td>-</td>
<td>$8,882</td>
</tr>
<tr>
<td>Automobile</td>
<td>3.0</td>
<td>$22,684</td>
<td>13,000</td>
<td>-</td>
<td>$9,684</td>
</tr>
<tr>
<td>Other</td>
<td>N/A</td>
<td>$42,000</td>
<td>-</td>
<td>-</td>
<td>$42,000</td>
</tr>
<tr>
<td>Development/Loan Costs</td>
<td>31.0</td>
<td>$14,612</td>
<td>-</td>
<td>8,124</td>
<td>$6,488</td>
</tr>
</tbody>
</table>

Total Property and Equipment $10,921,740 $6,769,349 $8,124 $4,144,267

Depreciation/amortization expense for the years ended December 31, 2017 and 2016 are $384,260 and $384,105, respectively.

11. RENT INCREASES

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

12. INCOME TAX STATUS

The Renaissance Collaborative, Inc. is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to TRC’s tax-exempt purpose is subject to taxation as unrelated business income. During the 2017 and 2016 calendar years, there was no unrelated business income. Accordingly, no provision for income taxes has been made. In addition, TRC 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

While there is no unrelated business income for the current year and related income taxes, the term “tax position” as used in the FASB interpretation refers to a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods. The term “tax position” also encompasses, but is not limited to:

- A decision not to file a tax return
- An allocation or a shift of income between jurisdictions
- The characterization of income or a decision to exclude reporting taxable income in a tax return
- A decision to classify a transaction, entity, or other position in a tax return as tax-exempt

While this disclosure may not have immediate applicability to the Project’s assets, it is required for full disclosure for any tax uncertainty that may arise from possible income tax transactions.

13. PRIOR PERIOD ADJUSTMENTS

Adjustments in net assets for year ended December 31, 2017 resulted from corrections to cash and accounts payable
2016 ending balances totaling $(131) and consolidating entries needed to reconcile intercompany activity such as loans receivable and loans payable totaling $(40,923) in the prior year. Although there were significant changes to net assets in relation to the respective entities (TRC/RPLP), the consolidated balance at year end is immaterial, consequently a restatement of prior year financial statements were deemed not necessary. Net decreases as of December 31, 2017 and 2016 are $(41,054) and $(130,456), respectively.

14. ADVERTISING

The Organization's expenses advertising costs as incurred. Advertising expense for the years ended December 31, 2017 and 2016 was $3,892 and $7,175, respectively.

15. EMPLOYEE BENEFIT PLAN

The Organization has a 401K retirement plan 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 5% of the employee's years end compensation. Employees must be employed during the time of funding to receive the 5% match. For the years ended December 31, 2017 and 2016 employer contributions made to the plan were $0- and $0-, respectively.

16. TENANTS ACCOUNTS RECEIVABLE

Receivables for the years ended December 31, 2017 and 2016 are amounts due from various tenants. 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 and did not calculate an allowance for doubtful accounts for the current year. There is no major concentration of credit risk in receivables as The Renaissance Collaborative, Inc. has funds due from multiple sources. The tenant accounts receivable balances for the years ended December 31, 2017 and 2016, were $52,478 and $7,897, respectively.

NOTE B - COMMITMENTS AND OBLIGATIONS

1. MORTGAGE NOTE

On June 29, 1999, the City of Chicago made a loan to TRC'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.

2. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Renaissance Collaborative, Inc.'s 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 TRC 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. 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. Although the balance remains unchanged from prior year, a summary of loans receivable as of December 31, 2017 and 2016 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRC Senior Village 1, NFP</td>
<td>$160,000</td>
<td>$160,000</td>
</tr>
<tr>
<td>Workforce Center</td>
<td>175,000</td>
<td>175,000</td>
</tr>
<tr>
<td>Other</td>
<td>121,680</td>
<td>121,680</td>
</tr>
<tr>
<td><strong>Total Loans Receivable</strong></td>
<td><strong>$456,680</strong></td>
<td><strong>$456,680</strong></td>
</tr>
</tbody>
</table>

In July 2009, The Renaissance Collaborative, Inc. 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, 2017 and December 31, 2016, The Renaissance Collaborative, Inc. earned and was paid $78,162 and $98,511 respectively, under this agreement.

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

The Renaissance Collaborative, Inc., 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:

<table>
<thead>
<tr>
<th>Bank</th>
<th>SIPC</th>
<th>Uninsured</th>
<th>Fair Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bernstein Investments</td>
<td>$500,000</td>
<td>$1,115,419</td>
<td>$1,615,419</td>
</tr>
</tbody>
</table>

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, 2017 are as follows:

<table>
<thead>
<tr>
<th>Bank</th>
<th>Insured</th>
<th>Uninsured</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citibank</td>
<td>$31,276</td>
<td>-</td>
<td>$31,276</td>
</tr>
<tr>
<td>PNC Bank</td>
<td>124,625</td>
<td>-</td>
<td>124,625</td>
</tr>
<tr>
<td>Illinois Service Federal</td>
<td>90,226</td>
<td>-</td>
<td>90,226</td>
</tr>
<tr>
<td>Urban Partnership Bank</td>
<td>2,523</td>
<td>-</td>
<td>2,523</td>
</tr>
<tr>
<td>JP Morgan Chase</td>
<td>6,107</td>
<td>-</td>
<td>6,107</td>
</tr>
<tr>
<td>MB Financial Bank</td>
<td>9,189</td>
<td>-</td>
<td>9,189</td>
</tr>
<tr>
<td>South Side Community Bank</td>
<td>4,999</td>
<td>-</td>
<td>4,999</td>
</tr>
<tr>
<td>Harris Bank</td>
<td>44,698</td>
<td>-</td>
<td>44,698</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$313,643</strong></td>
<td><strong>-</strong></td>
<td><strong>$313,643</strong></td>
</tr>
</tbody>
</table>
5. NOTES PAYABLE

The Organization entered into a loan agreement with Premium Assignment Corporation effective November 13, 2017 to finance its commercial insurance with an expiration date of November 13, 2018. The loan has an interest rate of 5.92%, with a monthly installment amount of $5,975.10, payable in nine (9) months with the first payment due December 31, 2017. The Renaissance Collaborative, Inc. made an initial cash down payment of $9,259.95. Total notes payable balance for the year ended December 31, 2017 and 2016 are $46,643 and $-0-, respectively.
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.
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., which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statement 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 June 29, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered The Renaissance Collaborative, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Renaissance Collaborative, Inc.'s 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Renaissance Collaborative, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards; refer to Finding 2017-01.

We also noted a certain matter that we reported to management of The Renaissance Collaborative, Inc. in a separate letter dated June 29, 2018.

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.

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

Mokena, Illinois
June 29, 2018
Finding 2016-1

The Renaissance Collaborative, Inc. failed to deposit the required monthly funds into its reserve for replacement account per the mandatory funding requirement as detailed in the regulatory agreement.

Status:
Finding repeated
THE RENAISSANCE COLLABORATIVE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2017
SECTION I - SUMMARY OF AUDITORS' RESULTS

Consolidated Financial Statements

Type of auditor's report issued: \(\text{UnModified}\)

Internal control over financial reporting:

Material weakness(es) identified? \(\underline{\text{yes}}\) \(\text{X no}\)

Significant deficiency(ies) identified that are not considered to be material weakness(es)? \(\underline{\text{yes}}\) \(\text{X no}\)

Noncompliance material to consolidated financial statements noted? \(\text{X yes}\) \(\underline{\text{no}}\)

SECTION II - CONSOLIDATED FINANCIAL STATEMENT FINDINGS

FINDING 2017-1 QUESTIONED COSTS: None

Control Deficiency

The Renaissance Collaborative, Inc. failed to deposit the required monthly funds into its reserve for replacement account per the mandatory funding requirement as detailed in the regulatory agreement.

Condition

During our testing, we noted that The Renaissance Collaborative, Inc. failed to deposit equal monthly amounts into the reserve for replacement account which resulted in an underfunding of the account annual deposit amount approved by City of Chicago - Department of Housing. The total amount below the annual funding requirement equaled $31,150 or 42% under the annual obligation.

Criteria

In accordance with the regulatory agreement, the mortgagor will establish and maintain a reserve fund for replacements in a separate bank which is insured by the FDIC. The mortgagor will deposit an amount equal to $6,230 per month or $74,760 per annum, unless a different date or amount is agreed upon by all parties.

Effect

Failure to follow the regulatory agreement could result in non-compliance and funding restrictions from the grantor.

Cause

Management oversight.
Recommendation

We recommend that The Renaissance Collaborative, Inc. consult with the grantor for the purpose of receiving clear guidelines on the appropriate funding levels in regards to the reserve for replacement account. Upon receipt of the aforementioned guidelines, the Organization should establish and implement procedures around funding the reserve for replacement account to ensure that the Organization is in compliance with the regulatory agreement.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No Federal Award Finding and Questioned Costs was noted for the year ended December 31, 2017.
Ragland, Arnold, Buchanan, Morris & Associates LLC

Re: Corrective Action Plan - 2017

Finding 2017-1.

The Renaissance Collaborative, Inc. failed to deposit the required monthly funds into its reserve for replacement account per the mandatory funding requirement as detailed in the regulatory agreement.

Corrective Action Plan.

The reserve replacement account was not fully funded per the mandatory funding requirement as set forth by the City of Chicago Department of Housing (DOH). Management is experiencing a significantly higher vacancy loss and a reduction in our funding sources in 2017 as well as 2018. As of July, 2018 the Finance Manager has put into place a payment plan that began funding the $43,610 2017 deficiency, beginning in July thru December 2018, $7,628 will be paid monthly in addition to the $6,230 2018 monthly reserve replacement requirement.

Sincerely,

[Signature]

Patricia Abrams
Executive Director

Rev. Sheila Wilson-Freelon
THE RENAISSANCE COLLABORATIVE, INC.
YEAR ENDED DECEMBER 31, 2017
EXIT CONFERENCE

An exit conference was held on June 29, 2018, and this report was discussed with Organization personnel. Those in attendance were as follows:

**The Renaissance Collaborative, Inc.**

<table>
<thead>
<tr>
<th>Names</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patricia Abrams</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Gloria Davenport</td>
<td>Sr. Manager of Finance &amp; Operations</td>
</tr>
</tbody>
</table>

**Ragland & Associates, LLC**

<table>
<thead>
<tr>
<th>Names</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gregory Arnold</td>
<td>Managing Partner</td>
</tr>
<tr>
<td>Lyle Morris</td>
<td>Partner</td>
</tr>
</tbody>
</table>