



PROJECT RENAISSANCE

FINANCIAL STATEMENTS

***As of and for the Years Ended December 31, 2017
and 2016***

And Report of Independent Auditor

PROJECT RENAISSANCE
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Report of Independent Auditor

To the Board of Directors of
Project Renaissance
Nashville, Tennessee

We have audited the accompanying financial statements of Project Renaissance (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial position of Project Renaissance as of December 31, 2017, 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.

Prior Period Financial Statements

The financial statements as of December 31, 2016, were audited by other auditors whose report dated February 6, 2017 expressed an unmodified opinion on those statements.



Nashville, Tennessee
April 17, 2018

PROJECT RENAISSANCE
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Cash and cash equivalents	\$ 510,328	\$ 889,637
Accounts receivable	42,000	-
Contributions receivable	25,000	1,375,000
Property and equipment, net of accumulated depreciation of \$3,213 and \$803, respectively	3,214	1,606
Other assets	200	9,200
Total Assets	<u>\$ 580,742</u>	<u>\$ 2,275,443</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 2,594	\$ 1,308
Grants payable	-	337,500
Total Liabilities	<u>2,594</u>	<u>338,808</u>
Net Assets:		
Unrestricted	553,148	561,635
Temporarily restricted	25,000	1,375,000
Total Net Assets	<u>578,148</u>	<u>1,936,635</u>
Total Liabilities and Net Assets	<u>\$ 580,742</u>	<u>\$ 2,275,443</u>

PROJECT RENAISSANCE
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue, Gains, and Other Support:			
Grants and contributions	\$ 722,000	\$ 453,000	\$ 1,175,000
Investment income	4,919	-	4,919
Net assets released from restrictions	1,303,000	(1,303,000)	-
Total Revenue, Gains, and Other Support	2,029,919	(850,000)	1,179,919
Expenses and Losses:			
Quality schools	139,061	-	139,061
Quality educators	1,246,442	-	1,246,442
Community engagement	408,327	-	408,327
Policy	136,047	-	136,047
Management and general	108,529	-	108,529
Total Expenses	2,038,406	-	2,038,406
Uncollectible contributions	-	500,000	500,000
Total Expenses and Losses	2,038,406	500,000	2,538,406
Change in net assets	(8,487)	(1,350,000)	(1,358,487)
Net assets, beginning of year	561,635	1,375,000	1,936,635
Net assets, end of year	\$ 553,148	\$ 25,000	\$ 578,148

The accompanying notes to the financial statements are an integral part of this statement.

PROJECT RENAISSANCE
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue, Gains, and Other Support:			
Grants and contributions	\$ 1,647,810	\$ 500,000	\$ 2,147,810
Investment income	4,043	-	4,043
Net assets released from restrictions	1,375,000	(1,375,000)	-
Total Revenue, Gains, and Other Support	3,026,853	(875,000)	2,151,853
Expenses:			
Quality schools	654,876	-	654,876
Quality educators	594,004	-	594,004
Community engagement	738,394	-	738,394
Policy	116,191	-	116,191
Management and general	105,216	-	105,216
Total Expenses	2,208,681	-	2,208,681
Change in net assets	818,172	(875,000)	(56,828)
Net assets, beginning of year	(256,537)	2,250,000	1,993,463
Net assets, end of year	\$ 561,635	\$ 1,375,000	\$ 1,936,635

The accompanying notes to the financial statements are an integral part of this statement.

PROJECT RENAISSANCE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2017

	Quality Schools	Quality Educators	Community Engagement	Policy	Management and General	Total
Salaries and benefits	\$ 81,812	\$ 454,110	\$ 289,260	\$ 88,599	\$ 73,705	\$ 987,486
Grants	45,095	583,000	-	-	-	628,095
Rent	5,379	29,857	19,019	5,825	4,846	64,926
Adjunct facility	-	40,569	-	-	-	40,569
Internship stipends	-	36,000	-	-	-	36,000
Policy	-	-	-	34,287	-	34,287
Travel	1,428	17,145	5,047	1,546	1,286	26,452
Community engagement	-	-	25,553	-	-	25,553
Supplies and printing	1,031	18,213	3,646	1,117	929	24,936
Technology	513	2,846	20,136	555	462	24,512
Accounting	-	-	-	-	23,873	23,873
Training	-	6,038	13,736	-	-	19,774
Miscellaneous	-	9,720	2,548	58	-	12,326
Recruitment	-	12,106	-	-	-	12,106
Mentor teacher stipends	-	12,000	-	-	-	12,000
Utilities	861	4,778	3,043	932	775	10,389
Meetings	467	2,591	6,949	506	421	10,934
Communications	559	3,104	1,977	606	504	6,750
Professional development	-	1,071	5,642	-	-	6,713
Fundraising	808	4,486	-	-	728	6,022
Marketing and publications	157	871	3,412	1,045	141	5,626
Walk materials	-	-	5,189	-	-	5,189
Insurance	355	1,969	1,254	384	320	4,282
Nashville Teacher Residency	-	2,662	-	-	-	2,662
Licenses and fees	240	1,332	659	202	216	2,649
Depreciation	200	1,108	706	216	180	2,410
Public relations	90	498	317	97	81	1,083
Contractual	66	368	234	72	62	802
Total	<u>\$ 139,061</u>	<u>\$ 1,246,442</u>	<u>\$ 408,327</u>	<u>\$ 136,047</u>	<u>\$ 108,529</u>	<u>\$ 2,038,406</u>

The accompanying notes to the financial statements are an integral part of this statement.

PROJECT RENAISSANCE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

	Quality Schools	Quality Educators	Community Engagement	Policy	Management and General	Total
Salaries and benefits	\$ 79,907	\$ 307,178	\$ 406,274	\$ 85,335	\$ 46,207	\$ 924,901
Grants	564,000	244,662	-	-	-	808,662
Program expenses	-	-	276,354	19,143	-	295,497
Rent	4,714	18,121	23,967	5,034	2,726	54,562
Accounting	-	-	-	-	23,752	23,752
Supplies and printing	1,949	7,491	9,907	2,081	1,127	22,555
Travel	1,716	6,598	8,727	1,833	993	19,867
Technology	830	3,189	4,217	886	480	9,602
Utilities	792	3,045	4,028	846	458	9,169
Public relations	-	-	-	-	8,067	8,067
Marketing and publications	-	-	-	-	7,155	7,155
Meetings	520	1,998	2,643	555	301	6,017
Fundraising	-	-	-	-	5,836	5,836
Communications	448	1,722	2,277	478	259	5,184
Insurance	-	-	-	-	3,447	3,447
Licenses and fees	-	-	-	-	1,810	1,810
Miscellaneous	-	-	-	-	1,795	1,795
Depreciation	-	-	-	-	803	803
Total	<u>\$ 654,876</u>	<u>\$ 594,004</u>	<u>\$ 738,394</u>	<u>\$ 116,191</u>	<u>\$ 105,216</u>	<u>\$ 2,208,681</u>

The accompanying notes to the financial statements are an integral part of this statement.

PROJECT RENAISSANCE
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ (1,358,487)	\$ (56,828)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	2,410	803
Changes in operating assets and liabilities:		
Accounts receivable	(42,000)	-
Contributions receivable	1,350,000	625,000
Other assets	9,000	-
Accounts payable	1,286	(1,031)
Grants payable	(337,500)	(312,500)
Net cash (used in) provided by operating activities	<u>(375,291)</u>	<u>255,444</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(4,018)</u>	<u>(2,409)</u>
Net cash used in investing activities	<u>(4,018)</u>	<u>(2,409)</u>
Net (decrease) increase in cash and cash equivalents	(379,309)	253,035
Cash and cash equivalents, beginning of year	<u>889,637</u>	<u>636,602</u>
Cash and cash equivalents, end of year	<u>\$ 510,328</u>	<u>\$ 889,637</u>

PROJECT RENAISSANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 1—Summary of significant accounting policies

Project Renaissance (the “Organization”) is a nonprofit organization that began operations in June 2015. The mission of the Organization is to provide all Nashville children with a high-quality education by empowering and engaging families, advocating for supportive policy, recruiting effective educators, and supporting, growing, and creating great schools. The Organization’s goal is to double the number of children attending high-quality public schools in Nashville over the immediate five years. Effective October 1, 2017, the Organization restructured their programs and management team to focus exclusively on the Nashville Teachers’ Residency project.

Financial Statement Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are reported as follows:

Unrestricted Net Assets – net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted Net Assets – net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time.

Permanently Restricted Net Assets – net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. The Organization did not have any permanently restricted net assets at December 31, 2017 and 2016.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Contributions Receivable – Management believes that contributions receivable are fully collectible at December 31, 2017 and 2016. As a result, no allowance for uncollectible accounts has been provided. During 2017, the Organization determined that a pledge recorded at December 31, 2016 was no longer collectible due to the restructuring of the Organization. The Organization has recognized \$500,000 as uncollectible pledge expense at December 31, 2017.

Property and Equipment – Property and equipment are stated at acquisition cost, or estimated fair value if donated, less accumulated depreciation, which is computed by the straight-line method over an estimated useful life of three years.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

The expiration of a donor-imposed restriction on a contribution is recognized in the period in which the restriction expires, and at that time the related resources are reclassified to unrestricted net assets. A restriction expires when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

PROJECT RENAISSANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 1—Summary of significant accounting policies (continued)

Program and Supporting Services – The following program and supporting services are included in the accompanying financial statements:

Quality Schools – The Organization invests in all types of Metro public school operators, including public charter schools and schools managed directly by Metro Nashville Public Schools. The Organization invests in the incubation and start-up of new schools with innovative models, invest to grow, and replicate the best schools in Nashville charter and district, and support talented teams who have successful experiences turning around and operating schools.

Quality Educators – The Organization develops the Nashville Teacher Residency program and partnerships with other proven teacher preparation programs in order to form a greater pool of talent. The Organization is also partnering with Teach for America, the nationally recognized teaching training organization. The quality educators program has a five year goal to train, support, and retain 400 new high-quality teachers annually to serve in Nashville's public schools.

Community Engagement – The Organization develops an initiative called Nashville Rise. Nashville Rise is a coalition of thousands of parents who want great schools for Nashville's children.

Policy – The Organization is working to build relationships between stakeholders and policymakers to promote policies that support great public schools for all children, regardless of background.

Management and General – Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program or activity. Includes costs associated with providing coordination and articulation of the Organization's program strategy, business management, general recordkeeping, budgeting, and related purposes.

Allocation of Functional Expenses – Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

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

Income Taxes – The Organization has qualified for tax exempt status under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation.

The Organization follows Financial Accounting Standards Board Accounting Standards Codification guidance related to uncertain tax provisions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. Project Renaissance has no tax penalties or interest reported in the accompanying financial statements. Tax years since inception remain open for examination.

PROJECT RENAISSANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 1—Summary of significant accounting policies (continued)

Subsequent Events – The Organization evaluated subsequent events through April 17, 2018, when these financial statements were available to be issued. Other than the event described in Note 5, management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

Note 2—Concentrations

The Organization maintains its cash and cash equivalents in a financial institution at balances which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. In management's opinion, risk related to such accounts is minimal.

The Organization received approximately 88% of its contributions from two major donors for the year ended December 31, 2017. The Organization received approximately 51% of its contributions from one major donor for the period operations commenced to December 31, 2016.

Note 3—Temporarily restricted net assets

The Organization receives contributions for specific expenses associated with the mission of the Organization. These contributions are classified as temporarily restricted net assets until the restricted purpose has been fulfilled. The following represents a summary of the activity for the period operations commenced to December 31:

Nature of Restriction	Balance at January 1, 2017	Contributions Received January 1, 2017 to December 31, 2017		Expended and/or release by specific purpose being fulfilled	Balance at December 31, 2017
Contributions receivable	\$ 1,375,000	\$ 25,000		\$ 1,375,000	\$ 25,000
Ryan Fellowship	-	428,000		428,000	-
	<u>\$ 1,375,000</u>	<u>\$ 453,000</u>		<u>\$ 1,803,000</u>	<u>\$ 25,000</u>

Nature of Restriction	Balance at January 1, 2016	Contributions Received January 1, 2016 to December 31, 2016		Expended and/or release by specific purpose being fulfilled	Balance at December 31, 2016
Contributions receivable	\$ 2,000,000	\$ 500,000		\$ 1,125,000	\$ 1,375,000
Relay Graduate School	250,000	-		250,000	-
	<u>\$ 2,250,000</u>	<u>\$ 500,000</u>		<u>\$ 1,375,000</u>	<u>\$ 1,375,000</u>

PROJECT RENAISSANCE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 4—Retirement plan

The Organization maintains a 401(k) retirement plan (the “Plan”) for their employees. Under the terms of the Plan, the Organization may provide a matching contribution up to a maximum of 4% of each eligible employee’s annual compensation. Employees are eligible to participate in the Plan immediately with no vesting period. Employer contributions for the years ended December 31, 2017 and 2016 were \$20,499 and \$17,490, respectively.

Note 5—Operating lease commitments

The Organization is renting its copier and building under two operating lease agreements. Rent expense for the years ended December 31, 2017 and 2016 were \$64,926 and \$54,562, respectively.

Subsequent to December 31, 2017, the Organization entered into a new office lease agreement beginning February 1, 2018. The lease requires minimum monthly lease payments of \$1,500 and terminates on January 31, 2020.

Future minimum lease payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2017 are as follows:

Years Ending December 31,

2018	\$	22,487
2019		19,259
2020		2,340
2021		-
	\$	<u>44,086</u>