



Certified Public Accountants, LLP

## RENAISSANCE ENTREPRENEURSHIP CENTER

---

### FINANCIAL STATEMENTS and ADDITIONAL INFORMATION

DECEMBER 31, 2017

PASADENA  
234 E Colorado Blvd  
Suite M150  
Pasadena, CA 91101  
Tel: 626.403.6801  
Fax: 626.403.6866

A Trusted Nonprofit Partner  
Experience. Service. Respect.  
[www.npocpas.com](http://www.npocpas.com)

SAN FRANCISCO  
50 Francisco St  
Suite 160  
San Francisco, CA 94133  
Tel: 415.391.3131  
Fax: 415.391.3233

## CONTENTS

---

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-15
Additional Information:	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	16-17

**INDEPENDENT AUDITORS' REPORT**

---

To the Board of Directors  
Renaissance Entrepreneurship Center

**Report on the Financial Statements**

We have audited the accompanying financial statements of Renaissance Entrepreneurship Center (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.

**Auditors' 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 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 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 auditors' 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 Renaissance Entrepreneurship Center 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.

## INDEPENDENT AUDITORS' REPORT

continued

---

### Other Matter

#### *Report on Summarized Comparative Information*

We have previously audited Renaissance Entrepreneurship Center's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 9, 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 28, 2018, on our consideration of Renaissance Entrepreneurship Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Renaissance Entrepreneurship Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Renaissance Entrepreneurship Center's internal control over financial reporting and compliance.

*Harrington Group*

San Francisco, California

June 28, 2018

# RENAISSANCE ENTREPRENEURSHIP CENTER

## STATEMENT OF FINANCIAL POSITION

December 31, 2017

With comparative totals at December 31, 2016

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 259,168	\$ 404,378
Grants receivable	318,390	269,752
Pledges receivable (Note 3)	66,703	264,263
Accounts receivable	2,864	-
Certificates of deposit (Note 4)	50,364	50,292
Prepaid expense and other assets	48,608	83,383
Property and equipment (Note 5)	1,840,970	1,981,740
<b>TOTAL ASSETS</b>	<b><u>\$ 2,587,067</u></b>	<b><u>\$ 3,053,808</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 90,017	\$ 118,624
Accrued liabilities (Note 6)	163,365	179,047
Mortgage payable (Note 7)	1,979,171	2,038,927
Line of credit (Note 8)	295,200	360,000
<b>TOTAL LIABILITIES</b>	<b><u>2,527,753</u></b>	<b><u>2,696,598</u></b>
<b>NET ASSETS</b>		
Unrestricted	(76,686)	(107,790)
Temporarily restricted (Note 10)	136,000	465,000
<b>TOTAL NET ASSETS</b>	<b><u>59,314</u></b>	<b><u>357,210</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 2,587,067</u></b>	<b><u>\$ 3,053,808</u></b>

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

## RENAISSANCE ENTREPRENEURSHIP CENTER

### STATEMENT OF ACTIVITIES

For the year ended December 31, 2017

With comparative totals for the year ended December 31, 2016

	Unrestricted	Temporarily Restricted	2017	2016
<b>REVENUE AND SUPPORT</b>				
Contributions (Note 11)	\$ 1,080,686	\$ 36,000	\$ 1,116,686	\$ 1,538,729
Fees and grants from government agencies (Note 12)	963,514		963,514	1,165,081
Incubator rent and fees	392,105		392,105	367,305
Special events (net of expenses of \$95,098)	200,902		200,902	164,933
Program service fees	180,276		180,276	200,720
Other income	10,177		10,177	3,396
Gain on disposal of assets	1,039		1,039	3,924
Donated materials and services (Note 2)			-	60,994
Net assets released from purpose restrictions	365,000	(365,000)	-	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>3,193,699</b>	<b>(329,000)</b>	<b>2,864,699</b>	<b>3,505,082</b>
<b>EXPENSES</b>				
Program services	2,481,661		2,481,661	2,541,004
Management and general	442,284		442,284	545,568
Fundraising	238,650		238,650	277,757
<b>TOTAL EXPENSES</b>	<b>3,162,595</b>	<b>-</b>	<b>3,162,595</b>	<b>3,364,329</b>
<b>CHANGE IN NET ASSETS</b>	31,104	(329,000)	(297,896)	140,753
<b>NET ASSETS, BEGINNING OF YEAR</b>	(107,790)	465,000	357,210	216,457
<b>NET ASSETS, END OF THE YEAR</b>	\$ (76,686)	\$ 136,000	\$ 59,314	\$ 357,210

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

## RENAISSANCE ENTREPRENEURSHIP CENTER

### STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2017

With comparative totals for the year ended December 31, 2016

	Program Services	Management and General	Fundraising	Total Expenses	
				2017	2016
Salaries	\$ 1,014,042	\$ 326,926	\$ 147,355	\$ 1,488,323	\$ 1,672,446
Employee benefits	131,168	14,950	18,518	164,636	165,482
Payroll taxes	102,223	2,437	15,239	119,899	141,341
Total personnel costs	1,247,433	344,313	181,112	1,772,858	1,979,269
Consultants and instructors	482,067	3,398		485,465	491,041
Occupancy	265,841	3,917	1,581	271,339	265,488
Depreciation	141,716	4,331	1,923	147,970	152,708
Professional fees	102,037	36,337	2,117	140,491	106,428
Interest	85,527	6,037	1,024	92,588	95,398
Events	14,298	1,182	43,216	58,696	38,142
Equipment maintenance and leases	55,721			55,721	54,400
Insurance	5,220	21,386		26,606	10,779
Miscellaneous	13,660	9,568	1,748	24,976	19,944
Telecommunications and internet	24,812			24,812	29,577
Meeting and travel	12,746	8,001	1,392	22,139	34,270
Supplies	10,374	342	1,304	12,020	13,284
Advertisement and promotion	7,976	1,635	1,350	10,961	3,960
Printing and publications	3,480	1,837	1,530	6,847	6,999
Awards and grants given	6,800			6,800	100
Postage and delivery	1,953		353	2,306	1,548
In-kind expenses				-	60,994
<b>TOTAL 2017 FUNCTIONAL EXPENSES</b>	<b>\$ 2,481,661</b>	<b>\$ 442,284</b>	<b>\$ 238,650</b>	<b>\$ 3,162,595</b>	
<b>TOTAL 2016 FUNCTIONAL EXPENSES</b>	<b>\$ 2,541,004</b>	<b>\$ 545,568</b>	<b>\$ 277,757</b>		<b>\$ 3,364,329</b>

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

## RENAISSANCE ENTREPRENEURSHIP CENTER

### STATEMENT OF CASH FLOWS

For the year ended December 31, 2017

With comparative totals for the year ended December 31, 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (297,896)	\$ 140,753
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	147,970	152,708
(Gain) on disposal of assets	(1,039)	(3,924)
(Increase) decrease in operating assets:		
Grants receivable	(48,638)	(47,125)
Pledges receivable	197,560	(71,808)
Accounts receivable	(2,864)	3,169
Prepaid expense	34,775	29,952
Increase (decrease) in operating liabilities:		
Accounts payable	(28,607)	29,700
Accrued liabilities	(15,682)	(21,414)
	<b>(14,421)</b>	212,011
<b>NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES</b>	<b>(14,421)</b>	212,011
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(6,161)	(158,174)
Net changes in certificates of deposits	(72)	23,998
	<b>(6,233)</b>	(134,176)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(6,233)</b>	(134,176)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings on line of credit	-	210,000
Payment on line of credit	(64,800)	-
Principal payments on mortgage payable	(59,756)	(57,156)
	<b>(124,556)</b>	152,844
<b>NET CASH (USED) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(124,556)</b>	152,844
<b>NET (DECREASE) INCREASE IN CASH</b>	<b>(145,210)</b>	230,679
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>404,378</b>	173,699
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 259,168</b>	\$ 404,378
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Operating activities reflects interest paid of:	<b>\$ 92,588</b>	\$ 95,398

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



# RENAISSANCE ENTREPRENEURSHIP CENTER

## NOTES TO FINANCIAL STATEMENTS

---

### 1. Organization

#### Bringing the Power of Entrepreneurship to Lower-Income Individuals and Communities

Renaissance Entrepreneurship Center (“Renaissance”) is a not-for-profit social impact organization, working at the intersection of social, racial, and economic justice. We deliver comprehensive English and Spanish language entrepreneurship training, access to capital, special programs for women, and ongoing support that directly addresses the challenges lower-income individuals face as they strive to achieve economic mobility.

Renaissance’s mission is to empower and increase the entrepreneurial capacities of socially and economically diverse women and men, and thereby strengthen our communities through the creation of sustainable businesses, new jobs and the promotion of financial self-sufficiency.

Renaissance provides broad access to lower-income individuals, women, people of color, immigrants and formerly incarcerated persons. We reach deeply into some of the Bay Area’s most under-resourced communities, delivering services through our Centers in South of Market and Bayview Hunters Point in San Francisco, Richmond in Contra Costa County, East Palo Alto in San Mateo County and Mobile programs on the Peninsula.

Renaissance clients graduate with the technical and soft business skills, business acumen, and supportive networks that all entrepreneurs need – and deserve – to build assets and create better futures for themselves, their families and communities.

Renaissance’s clients are:



#### Our Impact

Renaissance’s work demonstrates that through customized small business training and support, individuals who face systemic barriers to economic opportunity can change the trajectory of lives, achieve economic mobility, and play a pivotal role in building local economic prosperity.

Our impact is demonstrated by our clients’ success. In our first 33 years, Renaissance supported over 27,500 lower-income women and men to start and grow more than 12,000 small businesses, and create employment for 15,000 local residents, including the business owners themselves. Annually, Renaissance serves over:



# RENAISSANCE ENTREPRENEURSHIP CENTER

## NOTES TO FINANCIAL STATEMENTS

---

### 1. **Organization**, continued

According to our 2017 Entrepreneur Tracker survey, an independent evaluation by the Aspen Institute's FIELD program, one year after our clients received 10 or more hours of service:

- 49% who came to Renaissance in the pre-launch stage launched their businesses;
- 95% who came to Renaissance in business, stayed in business;
- 69% of businesses employ an average of 2 or more individuals;
- Client experience, on average, a 17% increase in household income; and
- Average \$92,000 in annual revenue.

Renaissance owns and/or manages over 47,000 square feet of commercial real estate that hosts over 70 thriving small businesses and community-servicing originations. The building Renaissance owns in South of Market San Francisco was appraised in 2012 at \$5.8 million.

### 2. **Summary of Significant Accounting Policies**

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

#### **Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### **Accounting**

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of Renaissance are maintained in accordance with the principles of net asset accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

**Unrestricted.** These generally result from revenue generated by providing services, receiving unrestricted contributions, and receiving interest from investments less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

**Temporarily Restricted.** Renaissance reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from program or capital restrictions. Renaissance's temporarily restricted net assets at December 31, 2017 totaled \$136,000.

continued

# RENAISSANCE ENTREPRENEURSHIP CENTER

## NOTES TO FINANCIAL STATEMENTS

---

### 2. Summary of Significant Accounting Policies, continued

**Permanently Restricted.** These net assets are restricted by donors who stipulate that resources are to be maintained permanently, but permit Renaissance to expend all of the income (or other economic benefits) derived from the donated assets. Renaissance has no permanently restricted net assets at December 31, 2017.

#### **Cash and Cash Equivalents**

Renaissance has defined cash and cash equivalents as cash in banks and all short-term debt securities purchased with a maturity of three months or less.

#### **Accounts Receivable**

Accounts receivable are receivables from governmental agencies. Therefore, no allowance for doubtful accounts has been provided.

#### **Property and Equipment**

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year.

#### **Fair Value Measurements**

Generally accepted accounting principles provide guidance on how fair value should be determined when financial statement elements are required to be measured at fair value. Valuation techniques are ranked in three levels depending on the degree of objectivity of the inputs used with each level:

Level 1 inputs - quoted prices in active markets for identical assets

Level 2 inputs - quoted prices in active or inactive markets for the same or similar assets

Level 3 inputs - estimates using the best information available when there is little or no market

Renaissance is required to measure investments and new pledge contributions at fair value. The specific technique used to measure fair value for these financial statement elements are described in the notes below that relate to each element.

#### **Concentration of Credit Risks**

Renaissance places its temporary cash investments with high-credit, quality financial institutions. At times, such investments may be in excess of the Federal Deposit Insurance Corporation insurance limit. Renaissance has not incurred losses related to these investments.

The primary receivable balance outstanding at December 31, 2017 consists of government contract receivables due from county, state, and federal granting agencies. Concentration of credit risks with respect to trade receivables are limited, as the majority of Renaissance's receivables consist of earned fees from contract programs granted by governmental agencies.

continued

# RENAISSANCE ENTREPRENEURSHIP CENTER

## NOTES TO FINANCIAL STATEMENTS

---

### 2. Summary of Significant Accounting Policies, continued

#### **Donated Materials and Services**

Contributions of donated non-cash assets are measured on a non-recurring basis and recorded at fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. For the year ended December 31, 2017, Renaissance did not receive any in-kind contributions.

#### **Income Taxes**

Renaissance is exempt from taxation under Internal Revenue Code Section 501(c)(3) and California Revenue and Taxation Code Section 23701d.

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by Renaissance in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. Renaissance's returns are subject to examination by federal and state taxing authorities, generally for three and four years, respectively, after they are filed.

#### **Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the period presented. Actual results could differ from those estimates.

#### **Comparative Totals**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 Renaissance's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

# RENAISSANCE ENTREPRENEURSHIP CENTER

## NOTES TO FINANCIAL STATEMENTS

---

### 3. Pledges Receivable

Pledges receivable are recorded as support when pledged unless designated otherwise. Management deemed pledges collectible; accordingly no allowance for doubtful accounts has been established for uncollectible pledges. Additionally, all pledges are valued at their estimated fair value at December 31, 2017. Discount on pledges receivables is immaterial, accordingly unamortized discount on pledges receivable is not recorded. Total amount of pledges receivable at December 31, 2017, of \$66,703 is expected to be collected within the year.

### 4. Certificates of Deposit

The certificates of deposit totaling \$50,364 bear interest ranging from 0.10% to 2.25% and have maturities of six to twenty-four months, with penalties for early withdrawal.

### 5. Property and Equipment

Property and equipment at December 31, 2017 consist of the following:

Land	\$ 340,000
Building and improvements	2,601,966
Furniture and equipment	<u>397,859</u>
	3,339,825
Less: accumulated depreciation	<u>(1,498,855)</u>
	<u>\$ 1,840,970</u>

Depreciation expense for the year ended December 31, 2017 was \$147,970.

The property at 5<sup>th</sup> Street in San Francisco has a net book value of \$791,618 as of December 31, 2017, and was appraised at \$5,800,000 in 2012 in advance of refinancing of Renaissance's mortgage.

### 6. Accrued Liabilities

Accrued liabilities at December 31, 2017 consist of the following:

Accrued vacation	\$ 60,990
Accrued payroll	56,345
Tenant security deposits	31,743
Other accrued liabilities	<u>14,287</u>
	<u>\$163,365</u>

# RENAISSANCE ENTREPRENEURSHIP CENTER

## NOTES TO FINANCIAL STATEMENTS

---

### 7. Mortgage Payable

Mortgage payable at December 31, 2017 consist of the following:

Mortgage payable to a corporation, secured by real property, monthly payments of \$12,396, interest, at 4.35% due January 2023. \$1,979,171

Maturities for the note payable are as follows:

<u>Year ended December 31,</u>	
2018	\$ 64,262
2019	67,114
2020	70,093
2021	73,203
2022	76,452
Thereafter	<u>1,628,047</u>
	<u>\$1,979,171</u>

### 8. Line of Credit

Renaissance has a line of credit with the Straus Family Trust in the amount of \$500,000, at the rate of 0.70%, secured by real property due April 14, 2019. There was an outstanding balance of \$295,200 on the line of credit as of December 31, 2017 (see Note 15).

### 9. Commitments and Contingencies

#### Obligations Under Operating Leases

Renaissance leases various facilities and equipment under operating leases with various terms. Future minimum payments, by year and in the aggregate, under these leases with initial or remaining terms of one year or more, consist of the following:

<u>Year ended December 31,</u>	
2018	\$ 77,400
2019	38,400
2020	<u>9,600</u>
	<u>\$125,400</u>

Rent expense under operating leases for the year ended December 31, 2017 was \$102,020.

continued

# RENAISSANCE ENTREPRENEURSHIP CENTER

## NOTES TO FINANCIAL STATEMENTS

---

### 9. Commitments and Contingencies, continued

#### Contracts

Renaissance's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously-funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated and, accordingly, Renaissance has no provision for the possible disallowance of program costs on its financial statements.

### 10. Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2017 consist of the following:

Mid-peninsula programs	<u>\$136,000</u>
------------------------	------------------

For the year ended December 31, 2017, net assets released from purpose restrictions were \$365,000.

### 11. Contributions

Contributions for the year ended December 31, 2017 consist of the following:

#### Foundations:

Walter & Elise Haas Fund	\$ 80,000
The San Francisco Foundation	75,000
Others	<u>280,000</u>
	435,000
Corporate	591,761
Individual	<u>89,925</u>
	<u>\$1,116,686</u>

continued

# RENAISSANCE ENTREPRENEURSHIP CENTER

## NOTES TO FINANCIAL STATEMENTS

---

### 12. Fees and Grants from Government Agencies

Fees and grants from government agencies for the year ended December 31, 2017 consist of the following:

US SBA Women's Business Center – San Francisco	\$150,000
San Francisco CDBG:	
SOMA Training	87,852
Bayview Programs	78,283
Women TA in English & Spanish	36,894
Redwood City CDBG	48,607
San Mateo County CDBG	44,719
Daly City CDBG	20,539
Contra Costa CDBG	19,986
SOMA Revitalization Grants:	
Offsite Programs/Restaurants	83,126
Legal Assistance for Small Businesses	60,584
Fund Development Consultant	14,594
San Francisco MOEWD Grants:	
Assistance for Established Women Entrepreneurs	64,405
Bayview Women	61,363
SF Shines	36,808
Fashion SF	21,221
Bayview and Visitacion Valley Grant	7,500
City of East Palo Alto Grant	58,564
Bus Rapid Transit Business Technical Assistance	18,440
Other	<u>50,029</u>
	<u>\$963,514</u>

### 13. Employee Benefit Plan

Renaissance has a defined contribution plan for all eligible employees. Employer contributions to the Plan are discretionary. Employer contributions to the Plan for the year ended December 31, 2017 was \$10,000.

continued



# RENAISSANCE ENTREPRENEURSHIP CENTER

## NOTES TO FINANCIAL STATEMENTS

---

### 14. Fair Value Measurements

The table below presents the balances of assets measured at fair value at December 31, 2017 on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Real estate partnership investment	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,697</u>	<u>\$2,697</u>

The fair value of the investment which is included with other assets, has been measured on a non-recurring basis using the best information available (Level 3 inputs). Thus, the fair value is measured at initial contribution amount.

The following table provides further details of the Level 3 fair value measurements:

Beginning balance at January 1, 2017				\$2,697
Purchases, sales, issuances, and settlements – net				<u>-</u>
Ending balance at December 31, 2017				<u>\$2,697</u>

The table below present transaction measures at fair value on a non-recurring basis during the year ended December 31, 2017.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Pledges contributions – current year	<u>\$ -</u>	<u>\$ -</u>	<u>\$30,000</u>	<u>\$30,000</u>

The fair value of pledged contributions – current year has been measured on a non-recurring basis using the value provided by the donor at the date of pledge and based on evaluating the credit worthiness of the donor (Level 3 inputs).

### 15. Related Party Transactions

Renaissance has a line of credit with a family trust in the amount of \$500,000, at the rate of 0.70%, secured by real property due April 14, 2019. There was an outstanding balance of \$295,200 on the line of credit and accrued interest in the amount of \$2,520 as of December 31, 2017. A Board member, related party is a trustee of the Straus Family Trust (see Note 8).

### 16. Subsequent Events

Subsequent to year end the Board of Directors elected to make a discretionary employer retirement contribution in the amount of \$10,000 for the year ended December 31, 2017. The financial statements as of December 31, 2017 includes the adjustment resulting from this transaction.

Management has evaluated subsequent events through June 28, 2018, the date which the financial statements were available for issue. No other events or transactions have occurred during this period that appear to require recognition or disclosure in the financial statements.

**ADDITIONAL INFORMATION**

---

**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

---

To the Board of Directors  
Renaissance Entrepreneurship Center

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Renaissance Entrepreneurship Center ("Renaissance"), 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, and have issued our report dated June 28, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Renaissance'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Renaissance's internal control. Accordingly, we do not express an opinion on the effectiveness of Renaissance's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Renaissance's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditors' Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***  
continued

---

**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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Harrington Group*

San Francisco, California  
June 28, 2018