



MBAF CPAs, LLC
600 Third Avenue, 3rd Floor
New York, NY 10016

This representation letter is provided in connection with your audit of the financial statements of New Visions Charter High School for the Humanities II (the "School"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter as signed below:

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated April 20, 2020, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- We have complied with all contractual agreements, grants, and donor restrictions.
- We have accurately presented the School's position regarding taxation and tax-exempt status.
- The bases used for allocation of functional expenses are reasonable and appropriate.
- We have included in the financial statements all assets and liabilities under the School's control.
- We have designed, implemented, and maintained adequate internal controls over the receipt and recording of contributions.
- Reclassifications between net asset classes are proper.



Information Provided

- We have provided you with:
 - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the School from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have no knowledge of any fraud or suspected fraud that affects the School and involves:
 - Management;
 - Employees who have significant roles in internal control; or
 - Others when the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the School's financial statements communicated by employees, former employees, analysts, regulators, or others.
- We have no knowledge of any noncompliance or suspected noncompliance with laws, regulations, contracts, and grant agreements whose effects should be considered when preparing financial statements.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We are aware and are in compliance with the Federal Funding Accountability and Transparency Act reporting requirements and reporting timeline for awards that fall within the tiered reporting requirements.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The School has entered into a verbal agreement (the "Agreement") with the NYCDOE for dedicated and shared space. The fair value of the rent has not been included in the accompanying financial statements as the premises are temporary in nature, the Agreement is non-binding, is excess shared space whereby a fair value cannot be determined, and is industry practice.
- We have disclosed to you the identity of the School's related parties and all the related party relationships and transactions of which we are aware.
- The School has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- There are no:
 - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with FASB Accounting Standards Codification (ASC) 450, Contingencies.
 - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by ASC-450.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- New Visions Charter High School for the Humanities II is an exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the School's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.
- The School pays a management fee of 8% of total public revenue to New Visions Public Schools ("NVPS"). Total management fees for the fiscal year ended June 30, 2020 was \$751,290. The total amount owed to NVPS at June 30, 2020 was \$169,114.

**Information Provided (Continued)**

- In April 2020, the School received a Paycheck Protection Program ("PPP") loan of \$1,379,215 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). PPP loans are considered conditional contributions, with a right-of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses, such as utilities, incurred following receipt of the funds. As of June 30, 2020, the School recognized \$1,247,240 of the amount received as grant revenue based on the qualifying expenditures incurred and barriers to entitlement being met. The School is tracking the qualifying expenditures during the qualifying period and an application for forgiveness of the loan will be made. However, as of the date the financial statements were available to be issued, notice of forgiveness had not been received from the lender. Management believes the School has met the requirements to be forgiven. However, if a portion of the loan must be repaid, the terms (0.98% per annum, repayable over a maximum of two years with a six-month deferral period) are such that the School has sufficient liquidity to repay the unforgiven portion. At June 30, 2020, the School recorded \$131,975 as a refundable advance from the Paycheck Protection Program for funds received in advance for which qualifying expenditures have not yet been incurred and barriers to entitlement have not yet been met.
- We acknowledge our responsibility for presenting the financial statements in accordance with U.S. GAAP, and we believe the financial statements, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the financial statements have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
- We have identified for you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- We have approved a draft of the financial statements.
- We acknowledge the communication to the board of trustees which includes your recommendations.
- We are aware that Marc Taub is the engagement partner and is responsible for supervising the engagement and signing the report.

Very truly yours,
New Visions Charter High School for the Humanities II

DocuSigned by:

Matt Marcia

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Treasurer

10/20/2020

(Date)

DocuSigned by:

Cynthia Rietscha

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COO

10/20/2020

(Date)

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
New Visions Charter High School for the Humanities II

Report on the Financial Statements

We have audited the accompanying financial statements of New Visions Charter High School for the Humanities II (the "School"), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 of 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 School'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 School'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 New Visions Charter High School for the Humanities II as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As further discussed in Note 9 to the financial statements, a global pandemic has been declared by the World Health Organization as a result of the rapidly growing outbreak of the coronavirus, COVID-19. The extent and ultimate impact of COVID-19 on the School's operating and financial performance cannot be predicted at this time. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2020 on our consideration of the School'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 the School'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 the School's internal control over financial reporting and compliance.

MBAF CPAs, LLC

New York, NY
October 20, 2020

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

ASSETS	2020	2019
Cash	\$ 6,715,842	\$ 5,291,016
Cash - restricted	76,633	76,045
Grants receivable	427,303	332,494
Prepaid expenses and other assets	22,303	60,614
Property and equipment, net	56,900	20,805
	\$ 7,298,981	\$ 5,780,974
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 31,395	\$ 127,520
Accrued salaries and other payroll related expenses	369,426	306,777
Refundable advance from Paycheck Protection Program	131,975	-
Due to NYC Department of Education	69,900	38,692
Due to related entities	169,742	185,583
	772,438	658,572
NET ASSETS		
Net assets - without donor restrictions	6,526,543	5,122,402
	\$ 7,298,981	\$ 5,780,974

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

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING REVENUE WITHOUT DONOR RESTRICTIONS		
State and local per pupil operating revenue	\$ 8,803,170	\$ 8,387,665
Government grants and contracts	1,835,199	725,050
	<u>10,638,369</u>	<u>9,112,715</u>
EXPENSES		
Program services	8,289,355	7,871,987
Management and general	1,030,374	818,547
	<u>9,319,729</u>	<u>8,690,534</u>
SUPPORT AND OTHER INCOME		
Contributions and other income	51,709	27,343
Interest income	33,792	28,262
	<u>85,501</u>	<u>55,605</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,404,141	477,786
NET ASSETS - BEGINNING OF YEAR	<u>5,122,402</u>	<u>4,644,616</u>
NET ASSETS - END OF YEAR	<u>\$ 6,526,543</u>	<u>\$ 5,122,402</u>

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

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Services			Supporting Services	
	No. of Positions	Regular Education	Special Education	Total	Management and General	2020
Personnel service costs						
Administrative staff personnel	25	\$ 1,013,851	\$ 236,597	\$ 1,250,448	\$ 761,418	\$ 2,011,866
Instructional personnel	50	2,654,963	1,249,733	3,904,696	-	3,904,696
Total salaries and staff	75	3,668,814	1,486,330	5,155,144	761,418	5,916,562
Fringe benefits and payroll taxes		594,963	258,633	853,596	140,483	994,079
Retirement		167,959	68,045	236,004	34,858	270,862
Management company fee		556,207	167,971	724,178	27,112	751,290
Legal services		19,124	3,992	23,116	-	23,116
Accounting and audit services		-	-	-	19,296	19,296
Other purchases of professional and consulting services		153,554	69,169	222,723	12,996	235,719
Repairs and maintenance		159,740	47,925	207,665	7,736	215,401
Insurance		39,997	12,079	52,076	1,950	54,026
Utilities		39,050	11,702	50,752	4,424	55,176
Instructional supplies and materials		71,747	16,384	88,131	-	88,131
Equipment and furnishings		28,734	6,883	35,617	4,507	40,124
Staff development		9,235	11,790	21,025	1,798	22,823
Marketing and recruitment		7,604	4,039	11,643	-	11,643
Technology		153,180	39,208	192,388	4,372	196,760
Food service		50,360	12,681	63,041	1,525	64,566
Student services		172,099	37,644	209,743	-	209,743
Office expense		87,160	23,870	111,030	6,768	117,798
Depreciation		17,628	5,323	22,951	859	23,810
Other		6,626	1,906	8,532	272	8,804
		<u>\$ 6,003,781</u>	<u>\$ 2,285,574</u>	<u>\$ 8,289,355</u>	<u>\$ 1,030,374</u>	<u>\$ 9,319,729</u>

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

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	No. of Positions	Program Services			Supporting Services	2019
		Regular Education	Special Education	Total	Management and General	
Personnel service costs						
Administrative staff personnel	19	\$ 907,863	\$ 209,025	\$ 1,116,888	\$ 544,293	\$ 1,661,181
Instructional personnel	48	2,343,583	1,194,965	3,538,548		3,538,548
Total salaries and staff	67	3,251,446	1,403,990	4,655,436	544,293	5,199,729
Fringe benefits and payroll taxes		552,772	249,111	801,883	109,360	911,243
Retirement		185,376	80,046	265,422	31,032	296,454
Management company fee		545,222	145,547	690,769	38,248	729,017
Legal services		10,867	2,901	13,768	762	14,530
Accounting and audit services		-	-	-	20,756	20,756
Other purchases of professional and consulting services		256,493	67,598	324,091	31,793	355,884
Repairs and maintenance		5,429	1,404	6,833	435	7,268
Insurance		38,126	10,178	48,304	2,675	50,979
Utilities		36,273	9,911	46,184	5,296	51,480
Instructional supplies and materials		58,028	19,388	77,416	-	77,416
Equipment and furnishings		15,093	4,040	19,133	3,246	22,379
Staff development		29,348	30,351	59,699	11,480	71,179
Marketing and recruitment		8,948	1,968	10,916	204	11,120
Technology		169,691	39,696	209,387	5,605	214,992
Food service		76,417	17,939	94,356	3,863	98,219
Student services		326,096	70,661	396,757	-	396,757
Office expense		113,124	27,899	141,023	8,788	149,811
Depreciation		6,550	1,748	8,298	459	8,757
Other		1,865	447	2,312	252	2,564
		<u>\$ 5,687,164</u>	<u>\$ 2,184,823</u>	<u>\$ 7,871,987</u>	<u>\$ 818,547</u>	<u>\$ 8,690,534</u>

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

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operating revenue	\$ 10,574,768	\$ 9,256,238
Other cash received	85,501	55,605
Cash paid to employees and suppliers	<u>(9,174,950)</u>	<u>(8,652,225)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,485,319	659,618
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(59,905)</u>	<u>(25,024)</u>
NET INCREASE IN CASH	1,425,414	634,594
CASH AND CASH - RESTRICTED - BEGINNING OF YEAR	5,367,061	4,732,467
CASH AND CASH - RESTRICTED - END OF YEAR	<u>\$ 6,792,475</u>	<u>\$ 5,367,061</u>

Reconciliation of change in net assets to net cash provided by operating activities:

Change in net assets	\$ 1,404,141	\$ 477,786
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	23,810	8,757
Changes in operating assets and liabilities:		
Grants receivable	(94,809)	129,728
Prepaid expenses and other assets	38,311	(54,840)
Accounts payable and accrued expenses	(96,125)	16,779
Accrued salaries and other payroll related expenses	62,649	66,103
Refundable advance from Paycheck Protection Program	131,975	-
Due to NYC Department of Education	31,208	13,795
Due to related entities	<u>(15,841)</u>	<u>1,510</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,485,319</u>	<u>\$ 659,618</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:**Cash and cash - restricted consist of:**

Cash	\$ 6,715,842	\$ 5,291,016
Cash - restricted	<u>76,633</u>	<u>76,045</u>
	<u>\$ 6,792,475</u>	<u>\$ 5,367,061</u>

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

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. NATURE OF THE ORGANIZATION

New Visions Charter High School for the Humanities II (the "School") is a New York State, not-for-profit educational corporation that was incorporated on March 6, 2012 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School, led by the Board of Trustees, received a charter from the Board of Regents of the University of the State of New York (the "Board of Regents") to operate a charter school in the State of New York pursuant to certain terms and conditions set forth in its approved charter application and charter agreement dated September 13, 2011. The School endeavors to extend equally to all students, regardless of their previous academic history, the highest quality education in an atmosphere of respect, responsibility, and safety. The School's charter was renewed for an additional three years, expiring in June 2023.

The School is exempt from federal income tax under Section 501(a) of the Internal Revenue Code ("IRC") as an organization described in Section 501(c)(3) of the IRC and a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii) of the IRC.

In fiscal year 2020, the School operated classes for students in ninth through twelfth grade.

The School shares space with a New York City public school and is not responsible for rent, utilities, custodial services, maintenance, and school safety. Square footage totaling 13,890 feet is allocated to the School.

The New York City Department of Education ("NYCDOE") provides free lunches and transportation directly to a majority of the School's students.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The School's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The classification of the School's net assets and its support, revenues, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets – with donor restrictions or without donor restrictions – be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities.

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions. This net asset category includes both contributions not subject to donor restrictions and exchange transactions.

Cash – Restricted

Included in cash - restricted is an escrow account of \$76,633 and \$76,045 at June 30, 2020 and 2019, respectively, which is held aside for contingency purposes as required by the Board of Regents.

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable

Grants receivable represent federal and state entitlements and grants. Grants receivable are expected to be collected within one year, are recorded at net realizable value, and amounted to \$427,303 and \$332,494 at June 30, 2020 and 2019, respectively. The School has determined that no allowance for uncollectible accounts was necessary at June 30, 2020 and 2019. Such estimate is based on management's assessment of the creditworthiness of its grantors, the aged basis of its receivables, as well as current economic conditions and historical information.

Revenue Recognition

Revenue from state and local governments resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the School when qualifying expenditures are incurred and billable. Funds received in advance for which qualifying expenditures have not been incurred, if any, are reflected as refundable advances from state and local government grants in the accompanying statements of financial position.

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions. Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the School fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as refundable advances.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Unconditional contributions without donor restrictions are recognized as revenue in changes in net assets without donor restrictions when received or promised. Contributions subject to donor restrictions are recognized in changes in net assets with donor restrictions. When a purpose restriction is satisfied or when a time restriction expires, the contribution is reported as net assets released from restrictions and is recognized in change in net assets without donor restrictions.

The School receives a substantial portion of its support and revenue from the NYCDOE. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

Premises Provided by Government Authorities

The School does not record any in-kind contributions and related costs with respect to dedicated and shared space provided to it by the NYCDOE as the premises are temporary in nature, is excess shared space whereby a fair value cannot be determined and is industry practice.

Property and Equipment

Purchased property and equipment are recorded at cost. Property and equipment acquired with certain government funding are recorded as expenses pursuant to the terms of the contract in which ownership of such property and equipment is retained by the funding source. Maintenance and repairs are expensed as they occur. The School has established a \$3,000 threshold above which assets are evaluated to be capitalized. The School expenses leasehold improvements because it has no lease and is uncertain that the space will be available beyond the close of the current fiscal year. Removable equipment that can be transferred to new space, if necessary, is capitalized.

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

Depreciation is provided on the straight-line method over the estimated useful lives as follows:

Furniture and office equipment	3 years
Computer equipment	3 years

Impairment

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were recognized for the years ended June 30, 2020 and 2019.

Advertising

The School expenses advertising costs as incurred. The School incurred \$11,643 and \$11,120 of advertising costs for the years ended June 30, 2020 and 2019, respectively, which is included in the accompanying statements of functional expenses under marketing and recruitment.

Functional Allocation of Expenses

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

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of the proportionate share of instructional and management and general expenses. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the School.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain 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.

Subsequent Events

The School has evaluated events through October 20, 2020, which is the date the financial statements were available to be issued.

Income Taxes

The School follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, disclosure and transition.

The School files informational returns in the federal jurisdiction. With few exceptions, the School is no longer subject to federal income tax examinations for fiscal years before 2017.

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (continued)

The School believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts filed. Management believes that its nonprofit status would be sustained upon examination.

Should there be interest on underpayments of income tax, the School would classify it as interest expense. The School would classify penalties in connection with underpayments of income tax as other expense.

Adoption of Accounting Pronouncement

Contributions

During the year ended June 30, 2020, the School adopted Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional or not. The adoption of this update had no effect on the School's financial position and change in net assets.

Recent Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity.

The update is to be applied to the beginning of the year of implementation or retrospectively. In June 2020, the FASB issued an accounting standards update which defers the required effective date of the update for one year. As a result, entities may elect to adopt the update for annual reporting periods beginning after December 15, 2019, and for interim reporting periods beginning after December 15, 2020, with early application permitted. The School has elected the deferral and is currently evaluating the effect the update will have on its financial statements.

Lease Accounting

In February 2016, the FASB issued an accounting standards update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements, lessor accounting, and disclosures related to accounting changes and error corrections.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the School's presentation of comparative periods in the financial statements will continue to be in accordance with current lease accounting. The School is evaluating the method of adoption it will elect.

In June 2020, the FASB issued an accounting standards update which defers the required effective date of the update for one year. As a result, entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2021, and for interim reporting periods beginning after December 15, 2022, with early application permitted. The School has elected the deferral and is currently evaluating the effect the update will have on its financial statements.

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The School maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The School strives to maintain a cash reserve equal to a minimum of three months of operating expenses, with a target of three to six months. Cash is kept in interest-bearing bank accounts to maximize returns.

The School's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

June 30,	2020	2019
Cash	\$ 6,715,842	\$ 5,291,016
Cash - restricted	76,633	76,045
Grants receivable	427,303	332,494
Total financial assets	<u>7,219,778</u>	<u>5,699,555</u>
Less amounts unavailable for general expenditures within one year due to:		
Restricted by contract with time or purpose	<u>(76,633)</u>	<u>(76,045)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 7,143,145</u>	<u>\$ 5,623,510</u>

At June 30, 2020 and 2019, the School has no board designated net assets.

4. RELATED PARTY TRANSACTIONS

New Visions for Public Schools ("New Visions") is a not-for-profit organization dedicated to supporting public schools and helping start and manage charter schools. Pursuant to the terms of the educational services agreement dated July 1, 2012, New Visions provides educational management, operational, and fundraising services to the School. As compensation to New Visions for these services rendered, the School pays 8% of its gross revenue. Gross revenue is defined as all such funding provided by the state, federal, and local governments, but excludes any private grants.

The balance due to New Visions from the School at June 30, 2020 and 2019 amounted to \$169,114 and \$181,695, respectively, which is comprised of management fees. Total management fees incurred by the School amounted to \$751,290 and \$729,017 for the years ended June 30, 2020 and 2019, respectively.

For operational efficiency and purchasing power, the School also shares expenses with other charter schools related by common management. At June 30, 2020 and 2019, there was no balance due from other charter schools and the balance due to other charter schools was \$628 and \$3,888, respectively.

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30,:

	2020	2019
Furniture and office equipment	\$ 37,730	\$ 33,072
Computer equipment	<u>300,859</u>	<u>245,612</u>
	338,589	278,684
Less: accumulated depreciation	<u>(281,689)</u>	<u>(257,879)</u>
	<u>\$ 56,900</u>	<u>\$ 20,805</u>

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

5. PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense amounted to \$23,810 and \$8,757 for the years ended June 30, 2020 and 2019, respectively.

6. GRANTS RECEIVABLE

Grants receivable consists of federal and state entitlements and grants. The School expects to collect these receivables within one year. Grants receivable consist of the following as of June 30,:

	2020	2019
Mount Vernon Per Pupil	\$ 64,133	\$ 74,192
Yonkers Per Pupil	17,948	17,948
E-Rate Reimbursement	48,875	34,623
Title I	159,953	168,406
Title II	17,811	25,064
Title IV	12,526	12,261
NYS Additional Funding	88,973	-
Other	17,084	-
	<u>\$ 427,303</u>	<u>\$ 332,494</u>

7. REFUNDABLE ADVANCE FROM PAYCHECK PROTECTION PROGRAM

In April 2020, the School received a Paycheck Protection Program ("PPP") loan of \$1,379,215 granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). PPP loans are considered conditional contributions, with a right-of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee headcount, and other qualifying expenses, such as utilities, incurred following receipt of the funds. As of June 30, 2020, the School recognized \$1,247,240 of the amount received as grant revenue based on the qualifying expenditures incurred and barriers to entitlement being met. The School is tracking the qualifying expenditures during the qualifying period and an application for forgiveness of the loan will be made. However, as of the date the financial statements were available to be issued, notice of forgiveness had not been received from the lender. Management believes the School has met the requirements to be forgiven. However, if a portion of the loan must be repaid, the terms (0.98% per annum, repayable over a maximum of two years with a six-month deferral period) are such that the School has sufficient liquidity to repay the unforgiven portion.

At June 30, 2020, the School recorded \$131,975 as a refundable advance from the Paycheck Protection Program for funds received in advance for which qualifying expenditures have not yet been incurred and barriers to entitlement have not been met.

8. PENSION PLAN

The School has adopted the New Visions for Public Schools' pension plan (the "Plan") which is qualified under Internal Revenue Code 403(b) for the benefit of its eligible employees. The Plan is an elective contribution plan. Employees are eligible to enroll in the Plan once they have completed at least one full year of service and completion of 1,000 work hours and are also eligible for discretionary employer contributions. The School's contribution becomes fully vested after the sixth year of the employee's service. Pension expense amounted to \$270,862 and \$296,454, net of forfeitures, for the years ended June 30, 2020 and 2019, respectively, and is included in retirement in the statements of functional expenses.

NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

9. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to help protect itself from such risks.

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The School cannot reasonably estimate the duration and severity of this pandemic; however, economic uncertainties have arisen which could have a material adverse effect on the School's financial position, results of operations and cash flows. The School believes they are taking appropriate actions to mitigate the negative impact.

10. COMMITMENTS

The School leases office equipment and copiers under non-cancellable operating leases which will expire at various times during the next five years. The leasing expense for the years ended June 30, 2020 and 2019 was \$35,743 and \$35,645, respectively, which is included in the accompanying statements of functional expenses under office expense. Future minimum lease payments are as follows:

<u>June 30,</u>	
2021	\$ 25,628
2022	24,018
2023	21,969
2024	21,287
2025	10,204
	<u>\$ 103,106</u>

11. CONCENTRATIONS

Financial instruments that potentially subject the School to a concentration of credit risk include cash accounts at a major financial institution that, at times, exceeded the Federal Deposit Insurance Corporation insured limit of \$250,000.

The School received approximately 82% and 90% of its total revenue from per pupil funding from the NYCDOE during the years ended June 30, 2020 and 2019, respectively.

The School's grants receivable consist of three major grantors accounting for approximately 92% at June 30, 2020 and three major grantors accounting for approximately 95% at June 30, 2019.

The School's payables consist of two major vendors accounting for approximately 38% at June 30, 2020 and two major vendors accounting for approximately 39% at June 30, 2019.



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

To the Board of Trustees
New Visions Charter High School for the Humanities II

We have audited, 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, the financial statements of New Visions Charter High School for the Humanities II (the "School"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 School'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 the School's financial statements are free of 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*.

We noted certain matters that we reported to management of the School in a separate letter dated October 20, 2020.



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

MBAF CPAs, LLC

New York, NY

October 20, 2020



Annual Financial Statement Audit Report
for Board of Regents Authorized Charter Schools

School Name:	New Visions Charter High School for the Humanities II
Date (Report is due Nov. 1):	November 1, 2020
Primary District of Location (If NYC select NYC DOE):	New York City Department of Education
If located in NYC DOE select CSD:	NYCSD #7
School Fiscal Contact Name:	Cynthia Rietscha
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	MBAF
School Audit Contact Name:	Marc Taub
School Audit Contact Email:	[REDACTED]
School Audit Contact Phone:	[REDACTED]
Audit Period:	2019-20
Prior Year:	2018-19

The following items are required to be included:

- 1.) The independent auditor's report on financial statements and notes.
- 2.) Excel template file containing the Financial Position, Statement of Activities, Cash Flow and Functional Expenses worksheets.
- 3.) Reports on internal controls over financial reporting and on compliance.

The additional items listed below should be included if applicable. Please explain the reason(s) if the items are not included. Examples might include: a written management letter was not issued; the school did not expend federal funds in excess of the Single Audit Threshold of \$750,000; the management letter response will be submitted by the following date (should be no later than 30 days from the submission of the report); etc.

Item	If not included, state the reason(s) below (if not applicable fill in N/A):
Management Letter	
Management Letter Response	N/A
Form 990	
Federal Single Audit (A-133)	N/A
Corrective Action Plan	N/A

FILL IN GRAY CELLS
New Visions Charter High School for the Humanities II
Statement of Financial Position
as of June 30

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 6,792,475	\$ 5,367,061
Grants and contracts receivable	427,303	332,494
Accounts receivables	-	
Prepaid Expenses	22,303	60,614
Contributions and other receivables	-	
Other current assets	-	-
TOTAL CURRENT ASSETS	<u>7,242,081</u>	<u>5,760,169</u>
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 56,900	\$ 20,805
Restricted Cash	-	-
Security Deposits	-	-
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	<u>56,900</u>	<u>20,805</u>
TOTAL ASSETS	<u><u>7,298,981</u></u>	<u><u>5,780,974</u></u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 31,395	\$ 127,520
Accrued payroll, payroll taxes and benefits	369,426	306,777
Current Portion of Loan Payable	-	-
Due to Related Parties	169,742	185,583
Refundable Advances	131,975	-
Deferred Revenue	-	-
Other Current Liabilities	69,900	38,692
TOTAL CURRENT LIABILITIES	<u>772,438</u>	<u>658,572</u>
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ -	\$ -
Deferred Rent	-	-
Due to Related Party	-	-
Other Long-Term Liabilities	-	-
TOTAL LONG-TERM LIABILITIES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>772,438</u>	<u>658,572</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 6,526,543	\$ 5,122,402
Temporarily restricted	-	-
Permanently restricted	-	-
TOTAL NET ASSETS	<u>6,526,543</u>	<u>5,122,402</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>7,298,981</u></u>	<u><u>5,780,974</u></u>

CK - Should be zero

-

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CHARTER SCHOOLS
New Visions Charter High School for the Humanities II
Statement of Activities
as of June 30

	2020		
	Unrestricted	Temporarily Restricted	Total
OPERATING REVENUE			
State and Local Per Pupil Revenue - Reg. Ed	\$ 7,537,433	\$ -	\$ 7,537,433
State and Local Per Pupil Revenue - SPED	1,265,737	-	1,265,737
State and Local Per Pupil Facilities Revenue		-	-
Federal Grants	1,710,599	-	1,710,599
State and City Grants	124,600	-	124,600
Other Operating Income	-	-	-
Food Service/Child Nutrition Program	-	-	-
TOTAL OPERATING REVENUE	10,638,369	-	10,638,369
EXPENSES			
Program Services			
Regular Education	\$ 6,003,781	\$ -	\$ 6,003,781
Special Education	2,285,574	-	2,285,574
Other Programs	-	-	-
Total Program Services	8,289,355	-	8,289,355
Management and general	1,030,374	-	1,030,374
Fundraising	-	-	-
TOTAL EXPENSES	9,319,729	-	9,319,729
SURPLUS / (DEFICIT) FROM OPERATIONS	1,318,640	-	1,318,640
SUPPORT AND OTHER REVENUE			
Interest and Other Income	\$ 33,792	\$ -	\$ 33,792
Contributions and Grants	51,709	-	51,709
Fundraising Support	-	-	-
Investments	-	-	-
Donated Services	-	-	-
Other Support and Revenue	-	-	-
TOTAL SUPPORT AND OTHER REVENUE	85,501	-	85,501
Net Assets Released from Restrictions / Loss on Disposal of Assets	\$ -	\$ -	\$ -
CHANGE IN NET ASSETS	1,404,141	-	1,404,141
NET ASSETS - BEGINNING OF YEAR	\$ 5,122,402	\$ -	\$ 5,122,402
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-
NET ASSETS - END OF YEAR	\$ 6,526,543	\$ -	\$ 6,526,543

CK - Should be zero

0

2019	
Total	
\$	7,174,689
	1,212,976
	-
	481,722
	243,328
	-
	-
	9,112,715
\$	5,687,164
	2,184,823
	-
	7,871,987
	818,547
	-
	8,690,534
	422,181
\$	28,262
	27,343
	-
	-
	-
	-
	55,605
\$	-
	477,786
\$	4,644,616
	-
<u>\$</u>	<u>5,122,402</u>

(0)

FILL IN GRAY CELLS
NEW VISIONS Charter High School for the Humanities II
Statement of Cash Flows

as of June 30

	<u>2020</u>	<u>2019</u>
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 1,404,141	\$ 477,786
Revenues from School Districts	-	-
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	23,810	8,757
Grants Receivable	(94,809)	129,728
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	38,311	(54,840)
Accounts Payable	(96,125)	16,779
Accrued Expenses	-	-
Accrued Liabilities	62,649	66,103
Contributions and fund-raising activities	-	-
Miscellaneous sources	131,975	-
Deferred Revenue	31,208	13,795
Interest payments	-	-
Other	-	-
Other	(15,841)	1,510
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 1,485,319	\$ 659,618
CASH FLOWS - INVESTING ACTIVITIES	\$	\$
Purchase of equipment	(59,905)	(25,024)
Other	-	-
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (59,905)	\$ (25,024)
CASH FLOWS - FINANCING ACTIVITIES	\$	\$
Principal payments on long-term debt	-	-
Other	-	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ -	\$ -
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,425,414	\$ 634,594
Cash at beginning of year	5,367,061	4,732,467
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 6,792,475	\$ 5,367,061

FILL IN GRAY CELLS
New Visions Charter High School for the Humanities II
Statement of Functional Expenses
as of June 30

	No. of Positions	2020								2019
		Program Services				Supporting Services				
		Regular	Special	Other Education	Total	Fundraising	Management and	Total	Total	
Personnel Services Costs		\$	\$	\$	\$	\$	\$	\$	\$	\$
Administrative Staff Personnel	25.00	1,013,851	236,597	-	1,250,448	-	761,418	761,418	2,011,866	1,661,181
Instructional Personnel	50.00	2,654,963	1,249,733	-	3,904,696	-	-	-	3,904,696	3,538,548
Non-Instructional Personnel	-	-	-	-	-	-	-	-	-	-
Total Salaries and Staff	75.00	3,668,814	1,486,330	-	5,155,144	-	761,418	761,418	5,916,562	5,199,729
Fringe Benefits & Payroll Taxes		594,963	258,633	-	853,596	-	140,483	140,483	994,079	911,243
Retirement		167,960	68,045	-	236,005	-	34,858	34,858	270,863	296,454
Management Company Fees		556,208	167,971	-	724,179	-	27,112	27,112	751,291	729,017
Legal Service		19,124	3,992	-	23,116	-	-	-	23,116	14,530
Accounting / Audit Services		-	-	-	-	-	19,296	19,296	19,296	20,756
Other Purchased / Professional /		153,554	69,169	-	222,723	-	12,996	12,996	235,719	355,884
Building and Land Rent / Lease		-	-	-	-	-	-	-	-	-
Repairs & Maintenance		159,740	47,925	-	207,665	-	7,736	7,736	215,401	7,268
Insurance		39,997	12,079	-	52,076	-	1,950	1,950	54,026	50,979
Utilities		39,050	11,702	-	50,752	-	4,424	4,424	55,176	51,480
Supplies / Materials		71,747	16,384	-	88,131	-	-	-	88,131	77,416
Equipment / Furnishings		28,734	6,883	-	35,617	-	4,507	4,507	40,124	22,379
Staff Development		9,235	11,790	-	21,025	-	1,798	1,798	22,823	71,179
Marketing / Recruitment		7,604	4,039	-	11,643	-	-	-	11,643	11,120
Technology		153,180	39,208	-	192,388	-	4,372	4,372	196,760	214,992
Food Service		50,360	12,681	-	63,041	-	1,525	1,525	64,566	98,219
Student Services		172,099	37,644	-	209,743	-	-	-	209,743	396,757
Office Expense		87,160	23,870	-	111,030	-	6,768	6,768	117,798	149,811
Depreciation		17,627	5,323	-	22,950	-	859	859	23,809	8,757
OTHER		6,625	1,906	-	8,531	-	272	272	8,803	2,564
Total Expenses		\$ 6,003,781	\$ 2,285,574	\$ -	\$ 8,289,355	\$ -	\$ 1,030,374	\$ 1,030,374	\$ 9,319,729	\$ 8,690,534



Annual Financial Statement Audit Report
for Board of Regents Authorized Charter Schools

School Name:	New Visions Charter High School for the Humanities II
Date (Report is due Nov. 1):	November 1, 2020
Primary District of Location (If NYC select NYC DOE):	New York City Department of Education
If located in NYC DOE select CSD:	NYCSD #7
School Fiscal Contact Name:	Cynthia Rietscha
School Fiscal Contact Email:	[REDACTED]
School Fiscal Contact Phone:	[REDACTED]
School Audit Firm Name:	MBAF
School Audit Contact Name:	Marc Taub
School Audit Contact Email:	[REDACTED]
School Audit Contact Phone:	[REDACTED]
Audit Period:	2019-20
Prior Year:	2018-19

The following items are required to be included:

- 1.) The independent auditor's report on financial statements and notes.
- 2.) Excel template file containing the Financial Position, Statement of Activities, Cash Flow and Functional Expenses worksheets.
- 3.) Reports on internal controls over financial reporting and on compliance.

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Item	If not included, state the reason(s) below (if not applicable fill in N/A):
Management Letter	
Management Letter Response	N/A
Form 990	
Federal Single Audit (A-133)	N/A
Corrective Action Plan	N/A

FILL IN GRAY CELLS
New Visions Charter High School for the Humanities II
Statement of Financial Position
as of June 30

	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 6,792,475	\$ 5,367,061
Grants and contracts receivable	427,303	332,494
Accounts receivables	-	
Prepaid Expenses	22,303	60,614
Contributions and other receivables	-	
Other current assets	-	-
TOTAL CURRENT ASSETS	<u>7,242,081</u>	<u>5,760,169</u>
<u>NON-CURRENT ASSETS</u>		
Property, Building and Equipment, net	\$ 56,900	\$ 20,805
Restricted Cash	-	-
Security Deposits	-	-
Other Non-Current Assets	-	-
TOTAL NON-CURRENT ASSETS	<u>56,900</u>	<u>20,805</u>
TOTAL ASSETS	<u><u>7,298,981</u></u>	<u><u>5,780,974</u></u>
<u>CURRENT LIABILITIES</u>		
Accounts payable and accrued expenses	\$ 31,395	\$ 127,520
Accrued payroll, payroll taxes and benefits	369,426	306,777
Current Portion of Loan Payable	-	-
Due to Related Parties	169,742	185,583
Refundable Advances	131,975	-
Deferred Revenue	-	-
Other Current Liabilities	69,900	38,692
TOTAL CURRENT LIABILITIES	<u>772,438</u>	<u>658,572</u>
<u>LONG-TERM LIABILITIES</u>		
Loan Payable; Due in More than One Year	\$ -	\$ -
Deferred Rent	-	-
Due to Related Party	-	-
Other Long-Term Liabilities	-	-
TOTAL LONG-TERM LIABILITIES	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>772,438</u>	<u>658,572</u>
<u>NET ASSETS</u>		
Unrestricted	\$ 6,526,543	\$ 5,122,402
Temporarily restricted	-	-
Permanently restricted	-	-
TOTAL NET ASSETS	<u>6,526,543</u>	<u>5,122,402</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>7,298,981</u></u>	<u><u>5,780,974</u></u>

CK - Should be zero

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CHARTER SCHOOLS
New Visions Charter High School for the Humanities II
Statement of Activities
as of June 30

	2020		
	Unrestricted	Temporarily Restricted	Total
OPERATING REVENUE			
State and Local Per Pupil Revenue - Reg. Ed	\$ 7,537,433	\$ -	\$ 7,537,433
State and Local Per Pupil Revenue - SPED	1,265,737	-	1,265,737
State and Local Per Pupil Facilities Revenue		-	-
Federal Grants	1,710,599	-	1,710,599
State and City Grants	124,600	-	124,600
Other Operating Income	-	-	-
Food Service/Child Nutrition Program	-	-	-
TOTAL OPERATING REVENUE	10,638,369	-	10,638,369
EXPENSES			
Program Services			
Regular Education	\$ 6,003,781	\$ -	\$ 6,003,781
Special Education	2,285,574	-	2,285,574
Other Programs	-	-	-
Total Program Services	8,289,355	-	8,289,355
Management and general	1,030,374	-	1,030,374
Fundraising	-	-	-
TOTAL EXPENSES	9,319,729	-	9,319,729
SURPLUS / (DEFICIT) FROM OPERATIONS	1,318,640	-	1,318,640
SUPPORT AND OTHER REVENUE			
Interest and Other Income	\$ 33,792	\$ -	\$ 33,792
Contributions and Grants	51,709	-	51,709
Fundraising Support	-	-	-
Investments	-	-	-
Donated Services	-	-	-
Other Support and Revenue	-	-	-
TOTAL SUPPORT AND OTHER REVENUE	85,501	-	85,501
Net Assets Released from Restrictions / Loss on Disposal of Assets	\$ -	\$ -	\$ -
CHANGE IN NET ASSETS	1,404,141	-	1,404,141
NET ASSETS - BEGINNING OF YEAR	\$ 5,122,402	\$ -	\$ 5,122,402
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-
NET ASSETS - END OF YEAR	\$ 6,526,543	\$ -	\$ 6,526,543

CK - Should be zero

0

2019	
Total	
\$	7,174,689
	1,212,976
	-
	481,722
	243,328
	-
	-
	9,112,715
\$	5,687,164
	2,184,823
	-
	7,871,987
	818,547
	-
	8,690,534
	422,181
\$	28,262
	27,343
	-
	-
	-
	-
	55,605
\$	-
	477,786
\$	4,644,616
	-
<u>\$</u>	<u>5,122,402</u>

(0)

FILL IN GRAY CELLS
NEW VISIONS Charter High School for the Humanities II
Statement of Cash Flows

as of June 30

	<u>2020</u>	<u>2019</u>
CASH FLOWS - OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 1,404,141	\$ 477,786
Revenues from School Districts	-	-
Accounts Receivable	-	-
Due from School Districts	-	-
Depreciation	23,810	8,757
Grants Receivable	(94,809)	129,728
Due from NYS	-	-
Grant revenues	-	-
Prepaid Expenses	38,311	(54,840)
Accounts Payable	(96,125)	16,779
Accrued Expenses	-	-
Accrued Liabilities	62,649	66,103
Contributions and fund-raising activities	-	-
Miscellaneous sources	131,975	-
Deferred Revenue	31,208	13,795
Interest payments	-	-
Other	-	-
Other	(15,841)	1,510
NET CASH PROVIDED FROM OPERATING ACTIVITIES	\$ 1,485,319	\$ 659,618
CASH FLOWS - INVESTING ACTIVITIES	\$	\$
Purchase of equipment	(59,905)	(25,024)
Other	-	-
NET CASH PROVIDED FROM INVESTING ACTIVITIES	\$ (59,905)	\$ (25,024)
CASH FLOWS - FINANCING ACTIVITIES	\$	\$
Principal payments on long-term debt	-	-
Other	-	-
NET CASH PROVIDED FROM FINANCING ACTIVITIES	\$ -	\$ -
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	\$ 1,425,414	\$ 634,594
Cash at beginning of year	5,367,061	4,732,467
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 6,792,475	\$ 5,367,061

FILL IN GRAY CELLS
New Visions Charter High School for the Humanities II
Statement of Functional Expenses
as of June 30

		2020								2019
	No. of Positions	Program Services				Supporting Services			Total	
		Regular	Special	Other Education	Total	Fundraising	Management and	Total		
Personnel Services Costs		\$	\$	\$	\$	\$	\$	\$	\$	\$
Administrative Staff Personnel	25.00	1,013,851	236,597	-	1,250,448	-	761,418	761,418	2,011,866	1,661,181
Instructional Personnel	50.00	2,654,963	1,249,733	-	3,904,696	-	-	-	3,904,696	3,538,548
Non-Instructional Personnel	-	-	-	-	-	-	-	-	-	-
Total Salaries and Staff	75.00	3,668,814	1,486,330	-	5,155,144	-	761,418	761,418	5,916,562	5,199,729
Fringe Benefits & Payroll Taxes		594,963	258,633	-	853,596	-	140,483	140,483	994,079	911,243
Retirement		167,960	68,045	-	236,005	-	34,858	34,858	270,863	296,454
Management Company Fees		556,208	167,971	-	724,179	-	27,112	27,112	751,291	729,017
Legal Service		19,124	3,992	-	23,116	-	-	-	23,116	14,530
Accounting / Audit Services		-	-	-	-	-	19,296	19,296	19,296	20,756
Other Purchased / Professional /		153,554	69,169	-	222,723	-	12,996	12,996	235,719	355,884
Building and Land Rent / Lease		-	-	-	-	-	-	-	-	-
Repairs & Maintenance		159,740	47,925	-	207,665	-	7,736	7,736	215,401	7,268
Insurance		39,997	12,079	-	52,076	-	1,950	1,950	54,026	50,979
Utilities		39,050	11,702	-	50,752	-	4,424	4,424	55,176	51,480
Supplies / Materials		71,747	16,384	-	88,131	-	-	-	88,131	77,416
Equipment / Furnishings		28,734	6,883	-	35,617	-	4,507	4,507	40,124	22,379
Staff Development		9,235	11,790	-	21,025	-	1,798	1,798	22,823	71,179
Marketing / Recruitment		7,604	4,039	-	11,643	-	-	-	11,643	11,120
Technology		153,180	39,208	-	192,388	-	4,372	4,372	196,760	214,992
Food Service		50,360	12,681	-	63,041	-	1,525	1,525	64,566	98,219
Student Services		172,099	37,644	-	209,743	-	-	-	209,743	396,757
Office Expense		87,160	23,870	-	111,030	-	6,768	6,768	117,798	149,811
Depreciation		17,627	5,323	-	22,950	-	859	859	23,809	8,757
OTHER		6,625	1,906	-	8,531	-	272	272	8,803	2,564
Total Expenses		\$ 6,003,781	\$ 2,285,574	\$ -	\$ 8,289,355	\$ -	\$ 1,030,374	\$ 1,030,374	\$ 9,319,729	\$ 8,690,534