

NEW VISIONS CHARTER HIGH SCHOOL
FOR ADVANCED MATH AND SCIENCE

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
New Visions Charter High School for Advanced Math and Science

Report on the Financial Statements

We have audited the accompanying financial statements of New Visions Charter High School for Advanced Math and Science (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 Advanced Math and Science 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 ADVANCED MATH AND SCIENCE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

ASSETS	2020	2019
Cash	\$ 6,052,985	\$ 4,352,850
Cash - restricted	76,722	76,134
Grants receivable	414,177	303,377
Due from NYC Department of Education	10,794	-
Prepaid expenses and other assets	31,355	56,470
Property and equipment, net	18,117	24,717
	<u>\$ 6,604,150</u>	<u>\$ 4,813,548</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 30,233	\$ 121,811
Accrued salaries and other payroll related expenses	312,511	236,801
Refundable advance from Paycheck Protection Program	420,481	-
Due to NYC Department of Education	-	46,366
Due to related entities	160,318	177,999
	<u>923,543</u>	<u>582,977</u>
NET ASSETS		
Net assets - without donor restrictions	5,678,840	4,229,554
Net assets - with donor restrictions	1,767	1,017
	<u>5,680,607</u>	<u>4,230,571</u>
	<u>\$ 6,604,150</u>	<u>\$ 4,813,548</u>

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

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUE WITHOUT DONOR RESTRICTIONS		
State and local per pupil operating revenue	\$ 8,513,989	\$ 8,200,366
Government grants and contracts	1,434,052	704,272
	<u>9,948,041</u>	<u>8,904,638</u>
EXPENSES		
Program services	7,679,936	7,251,146
Management and general	918,242	933,400
	<u>8,598,178</u>	<u>8,184,546</u>
SUPPORT AND OTHER INCOME		
Contributions and other income	68,791	86,485
Interest income	29,882	22,116
Net assets released from restrictions	750	750
	<u>99,423</u>	<u>109,351</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,449,286</u>	<u>829,443</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	1,500	500
Net assets released from restrictions	(750)	(750)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>750</u>	<u>(250)</u>
CHANGE IN NET ASSETS	1,450,036	829,193
NET ASSETS – BEGINNING OF YEAR	<u>4,230,571</u>	<u>3,401,378</u>
NET ASSETS – END OF YEAR	<u>\$ 5,680,607</u>	<u>\$ 4,230,571</u>

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

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

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

	<u>No. of Positions</u>	<u>Program Services</u>			<u>Supporting Services</u>	<u>2020</u>
		<u>Regular Education</u>	<u>Special Education</u>	<u>Total</u>	<u>Management and General</u>	
Personnel service costs						
Administrative staff personnel	26	\$ 1,079,037	\$ 118,054	\$ 1,197,091	\$ 679,939	\$ 1,877,030
Instructional personnel	45	2,686,820	918,254	3,605,074	-	3,605,074
Total salaries and staff	71	3,765,857	1,036,308	4,802,165	679,939	5,482,104
Fringe benefits and payroll taxes		670,896	189,406	860,302	125,584	985,886
Retirement		219,623	60,437	280,060	39,654	319,714
Management company fee		630,612	70,808	701,420	21,785	723,205
Legal services		15,402	1,719	17,121	505	17,626
Accounting and audit services		-	-	-	19,250	19,250
Other purchases of professional and consulting services		195,018	19,809	214,827	711	215,538
Repairs and maintenance		30,694	3,462	34,156	1,332	35,488
Insurance		47,984	5,388	53,372	1,658	55,030
Utilities		28,494	4,320	32,814	4,117	36,931
Instructional supplies and materials		55,815	8,152	63,967	-	63,967
Equipment and furnishings		11,856	3,379	15,235	3,203	18,438
Staff development		6,414	713	7,127	256	7,383
Marketing and recruitment		94	81	175	-	175
Technology		194,970	20,933	215,903	5,269	221,172
Food service		51,069	6,026	57,095	2,712	59,807
Student services		158,449	15,699	174,148	-	174,148
Office expense		114,852	12,634	127,486	11,658	139,144
Depreciation		13,837	1,554	15,391	478	15,869
Other		6,480	692	7,172	131	7,303
		\$ 6,218,416	\$ 1,461,520	\$ 7,679,936	\$ 918,242	\$ 8,598,178

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

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>No. of Positions</u>	<u>Program Services</u>			<u>Supporting Services</u>	<u>2019</u>
		<u>Regular Education</u>	<u>Special Education</u>	<u>Total</u>	<u>Management and General</u>	
Personnel service costs						
Administrative staff personnel	25	\$ 936,894	\$ 113,493	\$ 1,050,387	\$ 695,231	\$ 1,745,618
Instructional personnel	45	2,519,983	857,004	3,376,987	-	3,376,987
Total salaries and staff	70	3,456,877	970,497	4,427,374	695,231	5,122,605
Fringe benefits and payroll taxes		626,748	181,215	807,963	132,350	940,313
Retirement		207,283	58,193	265,476	41,688	307,164
Management company fee		623,275	71,780	695,055	17,316	712,371
Legal services		11,204	1,273	12,477	242	12,719
Accounting and audit services		-	-	-	20,758	20,758
Other purchases of professional and consulting services		242,598	27,457	270,055	1,109	271,164
Repairs and maintenance		34,653	3,990	38,643	959	39,602
Insurance		45,566	5,248	50,814	1,266	52,080
Utilities		28,807	4,355	33,162	4,729	37,891
Instructional supplies and materials		102,776	12,860	115,636	-	115,636
Equipment and furnishings		18,615	2,205	20,820	996	21,816
Staff development		3,358	447	3,805	451	4,256
Marketing and recruitment		224	44	268	69	337
Technology		111,352	12,462	123,814	2,051	125,865
Food service		82,395	9,116	91,511	1,295	92,806
Student services		146,861	15,928	162,789	-	162,789
Office expense		87,118	10,104	97,222	12,391	109,613
Depreciation		14,672	1,690	16,362	408	16,770
Other		16,131	1,769	17,900	91	17,991
		\$ 5,860,513	\$ 1,390,633	\$ 7,251,146	\$ 933,400	\$ 8,184,546

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

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

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	\$ 9,826,447	\$ 9,126,698
Other cash received	100,173	109,101
Cash paid to employees and suppliers	<u>(8,216,628)</u>	<u>(8,180,664)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,709,992	1,055,135
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(9,269)</u>	<u>(10,652)</u>
NET INCREASE IN CASH	1,700,723	1,044,483
CASH AND CASH - RESTRICTED - BEGINNING OF YEAR	<u>4,428,984</u>	<u>3,384,501</u>
CASH AND CASH - RESTRICTED - END OF YEAR	<u>\$ 6,129,707</u>	<u>\$ 4,428,984</u>

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

Change in net assets	\$ 1,450,036	\$ 829,193
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,869	16,770
Changes in operating assets and liabilities:		
Grants receivable	(110,800)	213,109
Due from NYC Department of Education	(10,794)	-
Prepaid expenses and other assets	25,115	(41,006)
Due from related entities	-	8,951
Accounts payable and accrued expenses	(91,578)	38,859
Accrued salaries and other payroll related expenses	75,710	(28,915)
Refundable advance from Paycheck Protection Program	420,481	-
Due to NYC Department of Education	(46,366)	34,426
Due to related entities	<u>(17,681)</u>	<u>(16,252)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,709,992</u>	<u>\$ 1,055,135</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash and cash - restricted consist of:

Cash	\$ 6,052,985	\$ 4,352,850
Cash - restricted	<u>76,722</u>	<u>76,134</u>
	<u>\$ 6,129,707</u>	<u>\$ 4,428,984</u>

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

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. NATURE OF THE ORGANIZATION

New Visions Charter High School for Advanced Math and Science (the "School") is a New York State not-for-profit educational corporation that was incorporated on December 14, 2010 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 Charter Schools Institute - State University of New York ("SUNY-CSI") 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 November 19, 2010. 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 five years, expiring in July 2021.

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 13,434 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 the change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

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.

At June 30, 2020 and 2019, net assets with donor restrictions of \$1,767 and \$1,017, respectively, are restricted for an internship program.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash – Restricted

Included in cash - restricted is an escrow account of \$76,722 and \$76,134 at June 30, 2020 and 2019, respectively, which is held aside for contingency purposes as required by SUNY–CSI.

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 \$414,177 and \$303,377 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 yet 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 cash 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.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment and Depreciation

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. 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.

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 programs 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, 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 ADVANCED MATH AND SCIENCE

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.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

Lease Accounting (continued)

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.

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	\$ 6,052,985	\$ 4,352,850
Cash - restricted	76,722	76,134
Grants receivable	414,177	303,377
Due from NYC Department of Education	10,794	-
Total financial assets	<u>6,554,678</u>	<u>4,732,361</u>
Less amounts unavailable for general expenditures within one year due to:		
Restricted by contract with time or purpose	(76,722)	(76,134)
Restricted by donors with purpose restrictions	<u>(1,767)</u>	<u>(1,017)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 6,476,189</u>	<u>\$ 4,655,210</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 to start and manage charter schools. Pursuant to the terms of the educational services agreement by and between the School and New Visions dated July 22, 2011, 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 grant funding awarded to the School.

The balance due to New Visions from the School at June 30, 2020 and 2019 amounted to \$159,727 and \$174,745, respectively, which is comprised of management fees. Total management fees incurred by the School for the years ended June 30, 2020 and 2019 totaled \$723,205 and \$712,371, respectively.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

4. RELATED PARTY TRANSACTIONS (CONTINUED)

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 \$591 and \$3,254, respectively.

5. PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 171,411	\$ 162,142
Furniture and office equipment	<u>63,704</u>	<u>63,704</u>
	235,115	225,846
Less: accumulated depreciation	<u>(216,998)</u>	<u>(201,129)</u>
	<u>\$ 18,117</u>	<u>\$ 24,717</u>

Depreciation expense amounted to \$15,869 and \$16,770 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,:

	<u>2020</u>	<u>2019</u>
E-Rate Reimbursement	\$ 26,056	\$ 36,888
Mount Vernon – Per Pupil	38,186	37,096
Yonkers – Per Pupil	55,453	31,214
Title I	154,461	161,457
Title II	17,276	25,064
Title IV	12,009	11,658
NYS Additional Funding	95,535	-
Other	<u>15,201</u>	<u>-</u>
	<u>\$ 414,177</u>	<u>\$ 303,377</u>

7. REFUNDABLE ADVANCE FROM PAYCHECK PROTECTION PROGRAM

In April 2020, the School received a Paycheck Protection Program (“PPP”) loan of \$1,328,458 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 \$907,977 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.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

7. REFUNDABLE ADVANCE FROM PAYCHECK PROTECTION PROGRAM (CONTINUED)

At June 30, 2020, the School recorded \$420,481 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 \$319,714 and \$307,164, net of forfeitures, for the years ended June 30, 2020 and 2019, respectively, and is included in retirement in the statements of functional expenses.

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 length or 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 two years. The leasing expense for the years ended June 30, 2020 and 2019 was \$51,321 and \$38,327, 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	\$ 26,360
2022	<u>1,740</u>
	<u>\$ 28,100</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 limits of \$250,000.

The School received approximately 84% and 90% of its total revenue from per pupil funding from the NYCDOE during the years ended June 30, 2020 and 2019, respectively.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

11. CONCENTRATIONS (CONTINUED)

The School's grants receivable consist of two major grantors accounting for approximately 81% at June 30, 2020 and four major grantors accounting for 100% at June 30, 2019.

The School's payables consist of one major vendor accounting for approximately 91% at June 30, 2020 and four major vendors accounting for approximately 32% 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 Advanced Math and Science

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 Advanced Math and Science (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