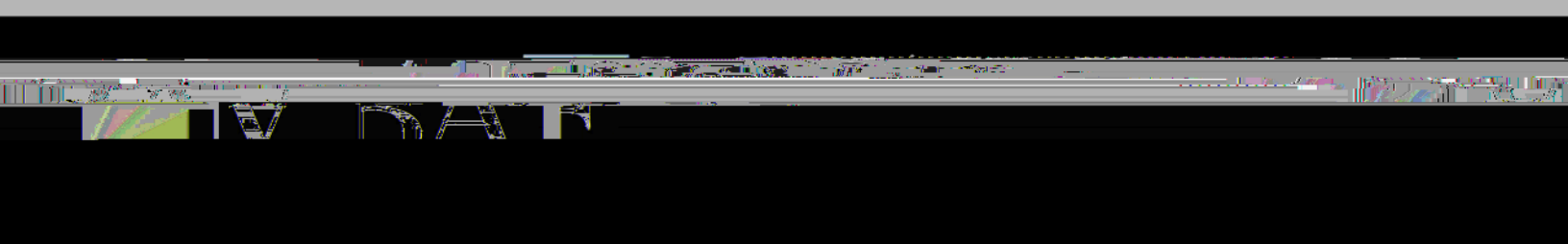


NEW VISIONS CHARTER HIGH SCHOOL
FOR ADVANCED MATH AND SCIENCE

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019



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



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. Factors that could impact the School's financial position and cash flows include, but are not limited to, the duration and severity of the outbreak, the effectiveness of containment measures, and the impact on the global economy. The School's financial statements for the year ended June 30, 2020 are presented on a continuing basis. The School's financial statements for the year ended June 30, 2020 are presented on a continuing basis. The School's financial statements for the year ended June 30, 2020 are presented on a continuing basis.

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	-

	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
	9,948,041	8,904,638
EXPENSES		
Program services	7,679,936	7,251,146
Management and general	918,242	933,400
	8,598,178	8,184,546
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
	99,423	109,351
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,449,286	829,443
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	750	(250)
CHANGE IN NET ASSETS	1,450,036	829,193
NET ASSETS – BEGINNING OF YEAR	4,230,571	3,401,378
NET ASSETS – END OF YEAR	\$ 5,680,607	\$ 4,230,571

	No. of Positions	Regular Education	Special Education	Total	Supporting Services Management and General	2020
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

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.

2020

2019

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 ("SH.3165w-CSIhe Ce336.78 711.1for-

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

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NOTES TO FINANCIAL STATEMENTS
JUNE

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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

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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 6(n)0.5 ()rti dt4 63 6dt4 6

We have audited, in accordance with auditing standards generally accepted in the United States 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 Science and Technology (the "School"), which comprise the statement of financial position as of June 30, 2020, and the 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 deficiencies that could result in a material misstatement of the financial statements that is not prevented or detected and corrected on a timely basis.



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