

**NEW VISIONS AIM CHARTER HIGH SCHOOL I  
(FORMERLY ROADS CHARTER SCHOOL I)**

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FINANCIAL STATEMENTS

JUNE 30, 2018

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2017)

**NEW VISIONS AIM CHARTER HIGH SCHOOL I  
(FORMERLY ROADS CHARTER SCHOOL I)**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
New Visions AIM Charter High School I  
(Formerly ROADS Charter School I)

### **Report on the Financial Statements**

We have audited the accompanying financial statements of New Visions AIM Charter High School I (formerly ROADS Charter School I) (the "School"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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.

An Independent Member of Baker Tilly International

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Visions AIM Charter High School I (formerly ROADS Charter School I) as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited ROADS Charter School I's 2017 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2018 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 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 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 25, 2018

**NEW VISIONS AIM CHARTER HIGH SCHOOL I**  
**(FORMERLY ROADS CHARTER SCHOOL I)**

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2017)

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
Cash	\$ 569,479	\$ 440,175
Cash - restricted	75,288	75,061
Grants receivable	150,123	95,159
Due from related entities	4,136	-
Prepaid expenses and other assets	44	44
Property and equipment, net	3,809	-
	<b><u>\$ 802,879</u></b>	<b><u>\$ 610,439</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 137,564	\$ 42,873
Accrued salaries and other payroll related expenses	83,274	198,765
Due to related entities	74,480	5,303
Due to NYC Department of Education	52,741	185,346
	<u>348,059</u>	<u>432,287</u>
<b>NET ASSETS</b>		
Unrestricted	454,820	178,152
	<b><u>\$ 802,879</u></b>	<b><u>\$ 610,439</u></b>

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

**NEW VISIONS AIM CHARTER HIGH SCHOOL I**  
**(FORMERLY ROADS CHARTER SCHOOL I)**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	<b>2018</b>	<b>2017</b>
OPERATING REVENUE		
State and local per pupil operating revenue	\$ 3,343,255	\$ 3,921,111
Government grants and contracts	346,610	309,304
	<u>3,689,865</u>	<u>4,230,415</u>
EXPENSES		
Program	3,062,128	3,883,649
Management and general	376,972	441,841
	<u>3,439,100</u>	<u>4,325,490</u>
INCOME (DEFICIENCY) FROM SCHOOL OPERATIONS	<u>250,765</u>	<u>(95,075)</u>
SUPPORT AND OTHER INCOME		
Forgiveness of due to related entities	-	100,045
Interest and other income	25,903	506
	<u>25,903</u>	<u>100,551</u>
CHANGE IN NET ASSETS	276,668	5,476
NET ASSETS - BEGINNING OF YEAR	<u>178,152</u>	<u>172,676</u>
NET ASSETS - END OF YEAR	<u><b>\$ 454,820</b></u>	<u><b>\$ 178,152</b></u>

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

**NEW VISIONS AIM CHARTER HIGH SCHOOL I  
(FORMERLY ROADS CHARTER SCHOOL I)**

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	No. of Positions	Program Services			Supporting Services	2018	2017
		Regular Education	Special Education	Total	Management and General		
Personnel service costs							
Administrative staff personnel	13	\$ 347,651	\$ 273,381	\$ 621,032	\$ 266,947	\$ 887,979	\$ 847,515
Instructional personnel	15	612,417	468,329	1,080,746	-	1,080,746	1,767,647
Total salaries and staff	28	960,068	741,710	1,701,778	266,947	1,968,725	2,615,162
Fringe benefits and payroll taxes		165,773	137,216	302,989	49,699	352,688	618,232
Retirement		47,998	37,081	85,079	13,346	98,425	48,983
Management company fee		191,508	134,624	326,132	15,092	341,224	401,267
Legal services		-	-	-	-	-	1,495
Accounting and audit services		-	-	-	2,115	2,115	37,582
Other purchases of professional and consulting services		180,791	126,133	306,924	15,183	322,107	215,767
Repairs and maintenance		6,946	4,883	11,829	625	12,454	7,847
Insurance		18,653	12,915	31,568	1,212	32,780	34,612
Utilities		9,323	6,912	16,235	897	17,132	17,562
Instructional supplies and materials		15,216	9,782	24,998	-	24,998	24,487
Equipment and furnishings		2,178	1,531	3,709	172	3,881	35,280
Staff development		3,842	7,978	11,820	417	12,237	5,782
Marketing and recruitment		1,134	1,309	2,443	359	2,802	559
Technology		51,250	35,061	86,311	3,106	89,417	35,871
Food service		19,837	13,748	33,585	1,793	35,378	6,532
Student services		41,755	26,857	68,612	-	68,612	74,371
Office expense		19,559	13,618	33,177	5,797	38,974	26,689
Depreciation		267	188	455	21	476	35,742
Bad debt expense		-	-	-	-	-	53,877
Other		8,726	5,758	14,484	191	14,675	27,791
		<b>\$ 1,744,824</b>	<b>\$ 1,317,304</b>	<b>\$ 3,062,128</b>	<b>\$ 376,972</b>	<b>\$ 3,439,100</b>	<b>\$ 4,325,490</b>

**NEW VISIONS AIM CHARTER HIGH SCHOOL I**  
**(FORMERLY ROADS CHARTER SCHOOL I)**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2018

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2017)

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from operating revenue	\$ 3,502,296	\$ 4,436,694
Other cash received	25,903	100,551
Cash paid to employees and suppliers	<u>(3,394,383)</u>	<u>(4,338,684)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	133,816	198,561
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(4,285)</u>	<u>-</u>
NET INCREASE IN CASH	129,531	198,561
CASH AND CASH - RESTRICTED - BEGINNING OF YEAR	<u>515,236</u>	<u>316,675</u>
CASH AND CASH - RESTRICTED - END OF YEAR	<b><u>\$ 644,767</u></b>	<b><u>\$ 515,236</u></b>
 <b>Reconciliation of change in net assets to net cash provided by operating activities:</b>		
Change in net assets	\$ 276,668	\$ 5,476
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	476	35,742
Bad debt expense	-	53,877
Forgiveness of due to related entities	-	(100,045)
Changes in operating assets and liabilities:		
Grants receivable	(54,964)	22,198
Due from related parties	(4,136)	285,073
Prepaid expenses and other assets	-	40,709
Accounts payable and accrued expenses	94,691	(234,346)
Accrued salaries and other payroll related expenses	(115,491)	(165,244)
Due to related parties	69,177	71,040
Due to NYC Department of Education	<u>(132,605)</u>	<u>184,081</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<b><u>\$ 133,816</u></b>	<b><u>\$ 198,561</u></b>
 <b>Cash and cash - restricted consist of:</b>		
Cash	\$ 569,479	\$ 440,175
Cash - restricted	<u>75,288</u>	<u>75,061</u>
	<b><u>\$ 644,767</u></b>	<b><u>\$ 515,236</u></b>

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



**NEW VISIONS AIM CHARTER HIGH SCHOOL I  
(FORMERLY ROADS CHARTER SCHOOL I)**

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**1. NATURE OF THE ORGANIZATION**

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New Visions AIM Charter High School I (the "School"), formerly known as ROADS Charter School I, is a New York State, not-for-profit educational corporation that was incorporated on April 5, 2011 to operate a charter school pursuant to Article 56 of the Educational Law of the State of New York. The School was granted a provisional charter on April 5, 2011, valid for a term of five years and renewable by the Board of Regents of the University of the State of New York. The School's charter was renewed and restructured for an additional five years, expiring in July 2022.

The School opened its doors in the fall of 2012 in Brooklyn with a rigorous academic program and a highly structured and supportive school culture. While the School is comprised of students from many backgrounds, it is uniquely designed to meet the needs of at-risk students who are currently in the foster care and child welfare system.

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.

The School's primary source of income is from government funding.

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**

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**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 three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Permanently Restricted – Net assets resulting from contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School.

Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by the School are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the School pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported as such in the statement of activities.

Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

The School has no permanently or temporarily restricted net assets as of June 30, 2018.

**NEW VISIONS AIM CHARTER HIGH SCHOOL I  
(FORMERLY ROADS CHARTER SCHOOL I)**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash - Restricted**

Included in cash – restricted is an escrow account of \$75,288 and \$75,061 at June 30, 2018 and 2017, respectively, which is held aside for contingency purposes as required by the Board of Regents.

**Grants Receivable**

Grants receivable represents amounts due from federal and state grants. Grants receivable are expected to be collected within one year, are recorded at net realizable value, and amount to \$150,123 and \$95,159 at June 30, 2018 and 2017, respectively. The School has determined that no allowance for uncollectible accounts is necessary at June 30, 2018 and 2017. Such estimate is based on management's assessments of the creditworthiness of its grantors, the aged basis of its receivables, as well as current economic conditions. The School had no bad debt expense for the year ended June 30, 2018. The School had bad debt expense of \$53,877 for the year ended June 30, 2017.

**Revenue Recognition**

Revenue from state and local governments 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 would be reflected as due to the NYCDOE from state and local government grants in the accompanying statement of financial position.

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.

**Net Assets**

Unrestricted net assets consist of revenues derived from government agencies, public contributions and other revenues for youth education. These net assets account for resources over which the Board of Trustees has discretionary control to use in carrying on the operations of the School.

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

Computer equipment	3 years
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**NEW VISIONS AIM CHARTER HIGH SCHOOL I  
(FORMERLY ROADS CHARTER SCHOOL I)**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**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, 2018 and 2017.

**Advertising**

The School expenses advertising costs as incurred. The School incurred \$2,802 and \$559 of advertising for the years ended June 30, 2018 and 2017, respectively, which is included in the accompanying statement 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 statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of the proportionate share of instructional and management and general expenses. Management and general expense includes 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 the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events**

The School has evaluated events through October 25, 2018, which is the date the financial statements were available to be issued.

**Comparative Financial Information**

The June 30, 2018 financial statements include certain prior year summarized comparative information in total but not by net asset class. In addition, only certain of the notes to the financial statements for June 30, 2017 are presented. As a result, the June 30, 2017 comparative information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such June 30, 2017 information should be read in conjunction with the School's financial statements as of and for the year ended June 30, 2017, from which the summarized information was derived.

**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 2015.

**NEW VISIONS AIM CHARTER HIGH SCHOOL I  
(FORMERLY ROADS CHARTER SCHOOL I)**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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**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 accrued for each year. 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**

In fiscal year 2018, the School adopted the accounting standards update which amends the cash flow statement presentation of restricted cash. The update requires amounts generally described as restricted cash and restricted cash equivalents be included with cash and cash equivalents when reconciling the beginning-of-year and end-of-year total amounts shown on the statement of cash flows. The School adopted the update retrospectively for fiscal year 2017. The adoption of this update had no effect on the School's change in net assets or cash flows.

**Recent Accounting Pronouncements**

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 and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019. Early application is permitted but no earlier than annual reporting periods beginning after December 31, 2016. The School is currently evaluating the effect the update will have on its financial statements.

In August 2016, the FASB issued an accounting standards update which aims to improve information provided to creditors, donors, grantors, and others while also reducing complexity and costs. The update is the first phase of a project regarding not-for-profits which aims to improve and simplify net asset classification requirements and improve the information presented and disclosed in financial statements about liquidity, cash flows, and financial performance. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with earlier application permitted. The School is currently evaluating the effect the update will have on its financial statements.

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**3. RELATED PARTY TRANSACTIONS**

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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 by and between the School and New Visions beginning in fiscal year 2018, New Visions provides educational management, operational, and fundraising services to the School. As compensation to New Visions for these services rendered, the School pays 10% of all public revenues, defined as per-pupil revenues, received by the School during the year. In connection with the restructuring of the School's charter and change in management, the School's legal name and IRS filing was changed from ROADS Charter School I to New Visions AIM Charter High School I during fiscal year 2018.

The balance due to New Visions from the School at June 30, 2018 amounted to \$60,284, which is comprised of management fees. Total management fees incurred by the School for the years ended June 30, 2018 and 2017 totaled \$341,224 and \$401,267, respectively. The management fees for the year ended June 30, 2017 were related to services provided by the School's former management company.

**NEW VISIONS AIM CHARTER HIGH SCHOOL I  
(FORMERLY ROADS CHARTER SCHOOL I)**

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**3. 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, 2018, the balance due to other charter schools was \$14,196, and the balance due from other charter schools was \$4,136. At June 30, 2017, the balance due to other charter schools was \$5,303.

**4. PROPERTY AND EQUIPMENT**

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

	2018	2017
Computer equipment	\$ 4,285	-
Less: accumulated depreciation	(476)	-
	<b>\$ 3,809</b>	<b>\$ -</b>

Property and equipment and the related accumulated depreciation was written off during the year ended June 30, 2017. Depreciation expense was \$476 and \$35,742 for the years ended June 30, 2018 and 2017, respectively.

**5. GRANTS RECEIVABLE**

Grants receivable consist 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,:

	2018	2017
Title I	\$ 50,313	\$ -
Title II	20,418	-
NYS Additional Funding	68,989	-
E-Rate Reimbursement	7,772	92,824
Other	2,631	2,335
	<b>\$ 150,123</b>	<b>\$ 95,159</b>

**6. AGREEMENT FOR SCHOOL FACILITY**

The School has entered into a verbal agreement (“the Agreement”) with the NYCDOE for dedicated and shared space at a New York City public school located at 1495 Herkimer Street, Brooklyn, New York, and is not responsible for rent, utilities, custodial services, maintenance, or school safety. Approximately 15,000 square feet is allocated to the School. The Agreement commenced on July 1, 2012 at a cost of \$1 per year. In accordance with industry standards, the amount has not been recorded. The School will be responsible for any overtime-related costs for services provided beyond the regular opening hours.

**7. PENSION PLAN**

Beginning in fiscal year 2018, the School 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 1 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.

**NEW VISIONS AIM CHARTER HIGH SCHOOL I  
(FORMERLY ROADS CHARTER SCHOOL I)**

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NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**7. PENSION PLAN (CONTINUED)**

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In fiscal year 2017, the School had a 401(k) profit sharing plan (the "401(k) plan") which covered most of the employees. The 401(k) plan was a defined contribution plan. Employees were eligible to enroll in the 401(k) plan on a monthly date with no minimum service time required. The 401(k) plan provided for the School to contribute up to 5% of participating employee salary. The School contribution became fully vested immediately. The 401(k) plan was terminated as of June 30, 2017. Employees had the option of transferring their funds to the New Visions for Public Schools' pension plan.

For the years ended June 30, 2018 and 2017, pension expense for the School was \$98,425 and \$48,983, respectively, which is included in retirement in the accompanying statement of functional expenses.

**8. RISK MANAGEMENT**

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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.

The School entered into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund.

**9. COMMITMENTS**

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The School leases office equipment and copiers under non-cancelable operating leases which will expire at various times during the next three years. The leasing expense for the years ended June 30, 2018 and 2017 was \$4,674 and \$366, respectively, which is included in the accompanying statement of functional expenses under office expense. Future minimum lease payments are \$732 for the year ending June 30, 2019.

**10. CONCENTRATIONS**

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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 90% and 91% of its total revenue from per pupil funding from the NYCDOE for the years ended June 30, 2018 and 2017, respectively.

Three major grantors accounted for 93% and one major grantor accounted for 98% of grants receivable at June 30, 2018 and 2017, respectively.

Three vendors accounted for 62% and three vendors accounted for 84% of accounts payable at June 30, 2018 and 2017, respectively.



**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 AIM Charter High School I  
(Formerly ROADS Charter School I)

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 AIM Charter High School I (formerly ROADS Charter School I) (the "School"), which comprise the statement of financial position as of June 30, 2018, 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 25, 2018.

**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 25, 2018.

An Independent Member of Baker Tilly International

### **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 25, 2018



**NEW VISIONS AIM CHARTER HIGH SCHOOL I  
(FORMERLY ROADS CHARTER SCHOOL I)**

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SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2018

**Financial Statement Findings**

**Finding No. 2017-01**

**Condition:**

The School is required to be in compliance with the New York State Education Department ("NYSED") requirements. NYSED requires the School to obtain and maintain proof of residency for all students attending the School. The School did not meet the requirement of maintaining proof of residency for 2 of the 25 student files tested.

**Current Status:**

The finding has been corrected.