

NEW VISIONS CHARTER SCHOOLS

FINANCIAL STATEMENTS

JUNE 30, 2017

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2016)

NEW VISIONS CHARTER SCHOOLS

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-13
SUPPLEMENTARY INFORMATION:	
New Visions Charter High School for Advanced Math and Science III	
Divisional Statement of Financial Position	14
Divisional Statement of Activities	15
Divisional Statement of Functional Expenses	16
Divisional Statement of Cash Flows	17
New Visions Charter High School for the Humanities III	
Divisional Statement of Financial Position	18
Divisional Statement of Activities	19
Divisional Statement of Functional Expenses	20
Divisional Statement of Cash Flows	21
New Visions Charter High School for Advanced Math and Science IV	
Divisional Statement of Financial Position	22
Divisional Statement of Activities	23
Divisional Statement of Functional Expenses	24
Divisional Statement of Cash Flows	25
New Visions Charter High School for the Humanities IV	
Divisional Statement of Financial Position	26
Divisional Statement of Activities	27
Divisional Statement of Functional Expenses	28
Divisional Statement of Cash Flows	29
Schedule of Expenditures of Federal Awards	30
Notes to Schedule of Expenditures of Federal Awards	31
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 <i>Government Auditing Standards</i>	32-33
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance	34-35
Schedule of Findings and Questioned Costs	36-37



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
New Visions Charter Schools

Report on the Financial Statements

We have audited the accompanying financial statements of New Visions Charter Schools (the "School"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Visions Charter Schools as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

An Independent Member of Baker Tilly International

Report on Summarized Comparative Information

We have previously audited New Visions Charter Schools' 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our 2017 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2017 supplementary information presented on pages 14 through 29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The summarized comparative information has been derived from the 2016 audited financial statements as described in the Report on Summarized Comparative Information paragraph. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2017 on our consideration of New Visions Charter Schools' 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 the 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 New Visions Charter Schools' internal control over financial reporting and compliance.

MBAF CPAs, LLC

New York, NY
October 17, 2017

NEW VISIONS CHARTER SCHOOLS

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2016)

ASSETS	2017	2016
Cash	\$ 4,519,461	\$ 2,430,449
Cash - restricted	200,449	175,162
Grants receivable	959,471	746,035
Prepaid expenses and other assets	6,289	9,790
Due from NYC Department of Education	9,646	15,332
Due from related entities	-	898
Property and equipment, net	198,602	201,835
	\$ 5,893,918	\$ 3,579,501
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 263,349	\$ 182,067
Accrued salaries and other payroll related expenses	385,415	256,790
Due to NYC Department of Education	69,091	36,017
Loan payable - New Visions for Public Schools	-	200,000
Due to related entities	341,939	245,027
	1,059,794	919,901
NET ASSETS		
Unrestricted	4,834,124	2,659,600
	\$ 5,893,918	\$ 3,579,501

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

NEW VISIONS CHARTER SCHOOLS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	2017	2016
OPERATING REVENUE		
State and local per pupil operating revenue	\$ 16,641,340	\$ 12,658,731
Government grants and contracts	<u>1,566,655</u>	<u>1,298,979</u>
	<u>18,207,995</u>	<u>13,957,710</u>
EXPENSES		
Program services	14,371,715	10,850,610
Management and general	2,133,274	2,081,806
Fundraising	<u>18,627</u>	<u>111,662</u>
	<u>16,523,616</u>	<u>13,044,078</u>
SUPPORT AND OTHER INCOME		
Contributions and other grants	400,000	-
Interest income	376	192
Other income	<u>89,769</u>	<u>8,081</u>
	<u>490,145</u>	<u>8,273</u>
CHANGE IN NET ASSETS	2,174,524	921,905
NET ASSETS - BEGINNING OF YEAR	<u>2,659,600</u>	<u>1,737,695</u>
NET ASSETS - END OF YEAR	<u>\$ 4,834,124</u>	<u>\$ 2,659,600</u>

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

NEW VISIONS CHARTER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	No. of Positions	Program Services			Supporting Services		2017	2016
		Regular Education	Special Education	Total	Management and General	Fundraising		
Personnel service costs								
Administrative staff personnel	51	\$ 1,637,979	\$ 357,363	\$ 1,995,342	\$ 1,609,507	\$ -	\$ 3,604,849	\$ 2,816,771
Instructional personnel	98	4,581,898	1,503,477	6,085,375	-	-	6,085,375	4,604,027
Total salaries and staff	149	6,219,877	1,860,840	8,080,717	1,609,507	-	9,690,224	7,420,798
Fringe benefits and payroll taxes		1,197,481	372,882	1,570,363	319,075	-	1,889,438	1,419,601
Retirement		308,295	92,335	400,630	78,588	-	479,218	304,403
Management company fee		1,153,535	253,139	1,406,674	31,339	18,627	1,456,640	1,116,617
Legal services		43,387	8,728	52,115	1,065	-	53,180	23,580
Accounting and audit services		-	-	-	30,591	-	30,591	27,172
Other purchases of professional and consulting services		513,060	117,418	630,478	13,536	-	644,014	587,780
Repairs and maintenance		81,599	19,000	100,599	1,408	-	102,007	91,622
Insurance		85,512	17,967	103,479	1,769	-	105,248	79,936
Utilities		117,417	26,493	143,910	12,181	-	156,091	97,032
Instructional supplies and materials		229,549	57,323	286,872	-	-	286,872	350,205
Equipment and furnishings		111,514	24,179	135,693	1,770	-	137,463	236,772
Staff development		13,414	12,627	26,041	3,284	-	29,325	27,883
Marketing and recruitment		20,158	3,818	23,976	1,192	-	25,168	17,260
Technology		406,869	86,280	493,149	11,971	-	505,120	498,545
Food service		121,745	22,814	144,559	1,292	-	145,851	101,853
Student services		300,670	57,395	358,065	-	-	358,065	251,048
Office expense		227,680	47,564	275,244	12,292	-	287,536	240,363
Depreciation		104,569	24,448	129,017	2,366	-	131,383	136,535
Other		8,524	1,610	10,134	48	-	10,182	15,073
		\$ 11,264,855	\$ 3,106,860	\$ 14,371,715	\$ 2,133,274	\$ 18,627	\$ 16,523,616	\$ 13,044,078

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

NEW VISIONS CHARTER SCHOOLS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operating revenue	\$ 18,033,319	\$ 13,573,443
Other cash received	490,145	8,273
Cash paid to employees and suppliers	<u>(16,106,302)</u>	<u>(12,772,488)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,417,162	809,228
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(128,150)</u>	<u>(232,014)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds from New Visions for Public Schools	-	200,000
Payment on loan from New Visions for Public Schools	<u>(200,000)</u>	<u>-</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(200,000)	200,000
NET INCREASE IN CASH	2,089,012	777,214
CASH - BEGINNING OF YEAR	<u>2,430,449</u>	<u>1,653,235</u>
CASH - END OF YEAR	<u>\$ 4,519,461</u>	<u>\$ 2,430,449</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 2,174,524	\$ 921,905
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	131,383	136,535
Changes in operating assets and liabilities:		
Cash - restricted	(25,287)	(75,148)
Grants receivable	(213,436)	(373,845)
Prepaid expenses and other assets	3,501	(4,610)
Due from NYC Department of Education	5,686	(15,332)
Due from related entities	898	(898)
Accounts payable and accrued expenses	81,282	(14,874)
Accrued salaries and other payroll related expenses	128,625	129,922
Due to NYC Department of Education	33,074	4,910
Due to related entities	<u>96,912</u>	<u>100,663</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,417,162</u>	<u>\$ 809,228</u>

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

NEW VISIONS CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

1. NATURE OF THE ORGANIZATION

New Visions Charter Schools (the "School") is a New York State, not-for-profit educational corporation that was incorporated on March 5, 2012 to operate multiple charter schools pursuant to Article 56 of the Educational Law of the State of New York. The School, led by the Board of Trustees, received provisional charters from the Board of Regents of the University of the State of New York to operate charter schools in the State of New York pursuant to certain terms and conditions set forth in its approved Charter Application and the Charter Agreement dated November 5, 2012. In December 2014, the School received its executed charter agreements. The charter agreements expire in June 2018 and are subject to renewal. The School expects to begin the charter renewal process in fiscal year 2018. 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 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 operates New Visions Charter High School for Advanced Math and Science III, New Visions Charter High School for the Humanities III, New Visions Charter High School for Advanced Math and Science IV, and New Visions Charter High School for the Humanities IV, which serve as divisions within the School. In fiscal year 2017, New Visions Charter High School for Advanced Math and Science III and New Visions Charter High School for the Humanities III operated classes for students in ninth, tenth, eleventh, and twelfth grades. Both schools added the twelfth grade beginning in fiscal year 2017. In fiscal year 2017, New Visions Charter High School for Advanced Math and Science IV operated classes for students in ninth and tenth grades. The tenth grade was added beginning in fiscal year 2017. New Visions Charter High School for the Humanities IV opened its doors to ninth grade students in September 2017.

The School shares space with New York City public schools and is not responsible for rent, utilities, custodial services, maintenance, and school safety. Square footage totaling 24,456 square 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 three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in the statement of financial position and that the amounts of change in each of those classes of net assets be displayed in the 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.

NEW VISIONS CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (continued)

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 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 temporarily or permanently restricted net assets as of June 30, 2017.

Cash – Restricted

Cash – restricted consists of escrow accounts totaling \$200,449 and \$175,162 at June 30, 2017 and 2016, respectively, which is held aside for contingency purposes as required by the Board of Regents.

Grants Receivable

Grants receivable represent amounts due from 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 \$959,471 and \$746,035 at June 30, 2017 and 2016, respectively. The School has determined that no allowance for uncollectible accounts is necessary at June 30, 2017 and 2016. 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.

Revenue Recognition

Revenue is recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Contributions of assets other than cash are recorded at their estimated fair value.

Revenue from state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and certain state and local funds are recorded when expenditures are incurred and billable to the government agencies.

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.

Donated Goods and Services

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Donated goods are recognized if the goods provide a benefit to the School and would have otherwise been purchased.

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.

NEW VISIONS CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 of the property and equipment.

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, 2017 and 2016.

Functional Allocation of Expenses

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 expenses and management and general. 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.

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.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated events through October 17, 2017, which is the date the financial statements were available to be issued.

NEW VISIONS CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information

The June 30, 2017 financial statements include certain prior period summarized comparative information in total but not by net asset class. In addition, only certain notes to the financial statements for June 30, 2016 are presented. As a result, the June 30, 2016 comparative information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such June 30, 2016 information should be read in conjunction with the School's financial statements as of and for the year ended June 30, 2016, 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 and New York State jurisdictions. With few exceptions, the School is no longer subject to Federal, state, or local income tax examinations for fiscal years before 2014.

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."

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 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. Accounting by lessors remains largely unchanged from current U.S. GAAP. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. 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.

NEW VISIONS CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements (continued)

In November 2016, the FASB issued an accounting standards update which amends 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-period and end-of-period total amounts shown on the statement of cash flows. The update is effective retrospectively for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The School is currently evaluating the effect the update will have on its financial statements.

3. RELATED PARTY TRANSACTIONS

New Visions for Public Schools ("New Visions") is a not-for-profit organization dedicated to supporting public schools and helping start and manage charter schools. Pursuant to the terms of the Educational Services Agreement by and between the School and New Visions, it provides educational management, operational services, and fundraising to the School. As compensation to New Visions for these services rendered, the School pays 8% of its gross revenues. Gross revenue is defined as all such funding provided by the State, Federal, and local government, but excludes any private grant funding awarded to the School.

The balance due to New Visions from the School at June 30, 2017 and 2016 amounted to \$341,939 and \$244,545, respectively, which is comprised of management fees. Total management fees incurred by the School for the years ended June 30, 2017 and 2016 totaled \$1,456,640 and \$1,116,617, respectively.

For operational efficiency and purchasing power, the School also shares expenses with other charter schools related by common management. There was no balance due to or from the other charter schools at June 30, 2017. There was a \$482 balance due to the other charter schools at June 30, 2016. There was a \$898 balance due from the other charter schools at June 30, 2016.

New Visions donated \$400,000 to the School for the year ended June 30, 2017.

4. LOAN PAYABLE

During the year ended June 30, 2016, New Visions Charter High School for Advanced Math and Science IV ("AMS IV") received a \$200,000, interest-free loan from New Visions. This loan provided assistance with AMS IV's first year of operations until additional grant funding was received. The loan was repaid in July 2016.

5. PROPERTY AND EQUIPMENT

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

	2017	2016
Furniture and office equipment	\$ 176,333	\$ 132,725
Computer equipment	431,885	347,343
	608,218	480,068
Less: accumulated depreciation	(409,616)	(278,233)
	<u>\$ 198,602</u>	<u>\$ 201,835</u>

Depreciation expense amounted to \$131,383 and \$136,535 for the years ended June 30, 2017 and 2016, respectively.

NEW VISIONS CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

6. 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,:

	<u>2017</u>	<u>2016</u>
Charter School Planning Grant	\$ 167,571	\$ -
Title I	164,783	171,969
Title II	12,752	11,541
NYS Additional Funding	464,974	176,618
DYCD	-	305,750
E-Rate Reimbursement	146,520	68,881
Other	<u>2,871</u>	<u>11,276</u>
	<u>\$ 959,471</u>	<u>\$ 746,035</u>

7. 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 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. Pension expense amounted to \$479,218 and \$304,403, net of forfeitures, for the years ended June 30, 2017 and 2016, respectively, and is included in the accompanying statement of functional expenses under retirement.

8. 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 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.

9. COMMITMENTS

In July 2013, New Visions Charter High School for Advanced Math and Science III and New Visions Charter High School for the Humanities III entered into a service contract with Lincoln Center Institute for the Arts in Education ("LCI") to receive high school literacy-related services based on a fee for service basis. In July 2015, New Visions Charter High School for Advanced Math and Science IV entered into a service contract with LCI for the same services. The contracts are effective through June 2018, after which the contracts will automatically be extended through June 2019 with additional one-year extensions until the contracts are terminated. Services include teaching artists, program manager, and yearly licensing for materials. The fee is based on rates negotiated between LCI and the United Federation of Teachers, Lincoln Center Teaching Artist Chapter, NYSUT, AFT, AFL-CIO, whose rates are expected to increase 3% per year. Future minimum payments under the contracts are as follows:

<u>June 30,</u>	
2018	\$ 291,464
2019	<u>300,209</u>
	<u>\$ 591,673</u>

NEW VISIONS CHARTER SCHOOLS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

9. COMMITMENTS (CONTINUED)

The School leases office equipment and copiers under non-cancelable operating leases which will expire at various times during the next six years. The leasing expense for the years ended June 30, 2017 and 2016 was \$46,595 and \$26,577, respectively, which is included in the accompanying statement of functional expenses under office expense. Future minimum lease payments are as follows:

<u>June 30.</u>	
2018	\$ 40,232
2019	38,086
2020	29,684
2021	13,049
2022	12,364
2023	<u>2,061</u>
	<u>\$ 135,476</u>

10. 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 89% and 91% of its total revenue from per pupil funding from the NYCDOE during the years ended June 30, 2017 and 2016, respectively.

The School's grants receivable consist of four major grantors accounting for approximately 98% at June 30, 2017. The School's grants receivable consist of three major grantors accounting for approximately 88% at June 30, 2016.

The School's payables consist of one major vendor accounting for approximately 17% at June 30, 2017. The School's payables consist of two major vendors accounting for approximately 51% at June 30, 2016.

SUPPLEMENTARY INFORMATION

NEW VISIONS CHARTER SCHOOLS
THE NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH & SCIENCE III
DIVISIONAL STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2016)

ASSETS	2017	2016
Cash	\$ 1,862,445	\$ 1,081,090
Cash - restricted	75,198	75,081
Grants receivable	337,401	187,824
Prepaid expenses and other assets	385	2,860
Due from related entities	-	570
Property and equipment, net	56,018	57,840
	\$ 2,331,447	\$ 1,405,265
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 107,154	\$ 81,770
Accrued salaries and other payroll related expenses	178,650	124,439
Due to NYC Department of Education	35,931	23,017
Due to related entities	124,734	90,990
	446,469	320,216
NET ASSETS		
Unrestricted	1,884,978	1,085,049
	\$ 2,331,447	\$ 1,405,265

See auditor's report.

NEW VISIONS CHARTER SCHOOLS

THE NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH & SCIENCE III

DIVISIONAL STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	2017	2016
OPERATING REVENUE		
State and local per pupil operating revenue	\$ 6,852,321	\$ 5,270,445
Government grants and contracts	<u>496,490</u>	<u>455,171</u>
	<u>7,348,811</u>	<u>5,725,616</u>
EXPENSES		
Program services	5,696,969	4,409,248
Management and general	910,122	824,762
Fundraising	-	45,805
	<u>6,607,091</u>	<u>5,279,815</u>
SUPPORT AND OTHER INCOME		
Interest income	162	96
Other income	<u>58,047</u>	<u>3,873</u>
	<u>58,209</u>	<u>3,969</u>
CHANGE IN NET ASSETS	799,929	449,770
NET ASSETS - BEGINNING OF YEAR	<u>1,085,049</u>	<u>635,279</u>
NET ASSETS - END OF YEAR	<u>\$ 1,884,978</u>	<u>\$ 1,085,049</u>

See auditor's report.

NEW VISIONS CHARTER SCHOOLS

THE NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH & SCIENCE III

DIVISIONAL STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2017

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	<u>No. of Positions</u>	<u>Program Services</u>			<u>Supporting Services</u>	<u>2017</u>	<u>2016</u>
		<u>Regular Education</u>	<u>Special Education</u>	<u>Total</u>	<u>Management and General</u>		
Personnel service costs							
Administrative staff personnel	20	\$ 643,107	\$ 107,046	\$ 750,153	\$ 688,198	\$ 1,438,351	\$ 1,150,104
Instructional personnel	41	1,922,525	587,975	2,510,500	-	2,510,500	1,931,274
Total salaries and staff	61	2,565,632	695,021	3,260,653	688,198	3,948,851	3,081,378
Fringe benefits and payroll taxes		466,894	131,748	598,642	130,053	728,695	554,692
Retirement		133,244	36,095	169,339	35,741	205,080	139,666
Management company fee		481,457	90,643	572,100	15,805	587,905	458,049
Legal services		18,109	3,189	21,298	432	21,730	5,775
Accounting and audit services		-	-	-	10,197	10,197	12,684
Other purchases of professional and consulting services		198,843	45,440	244,283	7,559	251,842	223,906
Repairs and maintenance		19,879	3,487	23,366	463	23,829	21,190
Insurance		34,700	6,124	40,824	836	41,660	35,068
Utilities		44,073	8,389	52,462	6,210	58,672	34,667
Instructional supplies and materials		93,565	17,632	111,197	-	111,197	94,201
Equipment and furnishings		27,352	4,605	31,957	913	32,870	70,523
Staff development		5,209	5,365	10,574	1,589	12,163	9,238
Marketing and recruitment		11,814	1,779	13,593	208	13,801	3,609
Technology		139,486	24,219	163,705	6,820	170,525	210,229
Food service		63,570	9,898	73,468	788	74,256	45,459
Student services		143,538	22,402	165,940	-	165,940	117,706
Office expense		86,593	14,324	100,917	3,223	104,140	94,710
Depreciation		31,911	6,008	37,919	1,048	38,967	58,856
Other		4,090	642	4,732	39	4,771	8,209
		\$ 4,569,959	\$ 1,127,010	\$ 5,696,969	\$ 910,122	\$ 6,607,091	\$ 5,279,815

See auditor's report.

NEW VISIONS CHARTER SCHOOLS

THE NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH & SCIENCE III
DIVISIONAL STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operating revenue	\$ 7,212,148	\$ 5,700,561
Other cash received	58,209	3,969
Cash paid to employees and suppliers	<u>(6,451,857)</u>	<u>(5,170,265)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	818,500	534,265
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(37,145)</u>	<u>(60,965)</u>
NET INCREASE IN CASH	781,355	473,300
CASH - BEGINNING OF YEAR	<u>1,081,090</u>	<u>607,790</u>
CASH - END OF YEAR	<u>\$ 1,862,445</u>	<u>\$ 1,081,090</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 799,929	\$ 449,770
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	38,967	58,856
Changes in operating assets and liabilities:		
Cash - restricted	(117)	(25,074)
Grants receivable	(149,577)	(25,089)
Prepaid expenses and other assets	2,475	(2,322)
Due from related entities	570	(570)
Accounts payable and accrued expenses	25,384	6,491
Accrued salaries and other payroll related expenses	54,211	50,189
Due to NYC Department of Education	12,914	34
Due to related entities	<u>33,744</u>	<u>21,980</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 818,500</u>	<u>\$ 534,265</u>

See auditor's report.

NEW VISIONS CHARTER SCHOOLS
THE NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES III
DIVISIONAL STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2016)

ASSETS	2017	2016
Cash	\$ 1,577,001	\$ 1,207,237
Cash - restricted	75,198	75,081
Grants receivable	280,409	183,740
Prepaid expenses and other assets	5,528	4,458
Due from NYC Department of Education	-	15,332
Property and equipment, net	29,886	44,070
	\$ 1,968,022	\$ 1,529,918
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 69,335	\$ 64,632
Accrued salaries and other payroll related expenses	121,558	71,574
Due to NYC Department of Education	33,160	-
Due to related entities	107,757	87,893
	331,810	224,099
NET ASSETS		
Unrestricted	1,636,212	1,305,819
	\$ 1,968,022	\$ 1,529,918

See auditor's report.

NEW VISIONS CHARTER SCHOOLS
 THE NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES III
 DIVISIONAL STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2017
 (WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	2017	2016
OPERATING REVENUE		
State and local per pupil operating revenue	\$ 5,770,524	\$ 5,194,396
Government grants and contracts	431,909	429,812
	<u>6,202,433</u>	<u>5,624,208</u>
EXPENSES		
Program services	5,216,688	4,241,372
Management and general	684,803	804,541
Fundraising	-	44,994
	<u>5,901,491</u>	<u>5,090,907</u>
SUPPORT AND OTHER INCOME		
Interest income	162	96
Other income	29,289	2,906
	<u>29,451</u>	<u>3,002</u>
CHANGE IN NET ASSETS	330,393	536,303
NET ASSETS - BEGINNING OF YEAR	<u>1,305,819</u>	<u>769,516</u>
NET ASSETS - END OF YEAR	<u>\$ 1,636,212</u>	<u>\$ 1,305,819</u>

See auditor's report.

NEW VISIONS CHARTER SCHOOLS
THE NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES III
DIVISIONAL STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	<u>No. of Positions</u>	<u>Program Services</u>			<u>Supporting Services</u>	<u>2017</u>	<u>2016</u>
		<u>Regular Education</u>	<u>Special Education</u>	<u>Total</u>	<u>Management and General</u>		
Personnel service costs							
Administrative staff personnel	17	\$ 558,055	\$ 131,528	\$ 689,583	\$ 508,491	\$ 1,198,074	\$ 982,663
Instructional personnel	37	1,714,373	628,385	2,342,758	-	2,342,758	1,977,027
Total salaries and staff	54	2,272,428	759,913	3,032,341	508,491	3,540,832	2,959,690
Fringe benefits and payroll taxes		433,159	149,796	582,955	103,992	686,947	583,947
Retirement		118,543	39,641	158,184	26,526	184,710	130,991
Management company fee		395,500	88,679	484,179	12,016	496,195	449,937
Legal services		21,074	4,570	25,644	417	26,061	5,031
Accounting and audit services		-	-	-	10,197	10,197	12,683
Other purchases of professional and consulting services		193,466	43,860	237,326	5,834	243,160	231,082
Repairs and maintenance		9,412	2,179	11,591	475	12,066	37,152
Insurance		32,527	7,130	39,657	753	40,410	33,737
Utilities		49,351	11,376	60,727	3,815	64,542	35,047
Instructional supplies and materials		61,172	14,578	75,750	-	75,750	109,643
Equipment and furnishings		50,308	10,815	61,123	513	61,636	106,128
Staff development		2,551	793	3,344	191	3,535	8,843
Marketing and recruitment		4,307	1,013	5,320	272	5,592	3,656
Technology		118,883	27,232	146,115	3,149	149,264	149,049
Food service		28,708	5,926	34,634	145	34,779	30,788
Student services		112,894	24,226	137,120	-	137,120	76,265
Office expense		73,935	16,291	90,226	7,338	97,564	71,009
Depreciation		22,319	5,005	27,324	678	28,002	52,020
Other		2,600	528	3,128	1	3,129	4,209
		\$ 4,003,137	\$ 1,213,551	\$ 5,216,688	\$ 684,803	\$ 5,901,491	\$ 5,090,907

See auditor's report.

NEW VISIONS CHARTER SCHOOLS

THE NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES III

DIVISIONAL STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operating revenue	\$ 6,154,256	\$ 5,626,467
Other cash received	29,451	3,002
Cash paid to employees and suppliers	(5,800,125)	(5,053,036)
NET CASH PROVIDED BY OPERATING ACTIVITIES	383,582	576,433
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(13,818)	(45,465)
NET INCREASE IN CASH	369,764	530,968
CASH - BEGINNING OF YEAR	1,207,237	676,269
CASH - END OF YEAR	\$ 1,577,001	\$ 1,207,237
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 330,393	\$ 536,303
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,002	52,020
Changes in operating assets and liabilities:		
Cash - restricted	(117)	(25,074)
Grants receivable	(96,669)	25,715
Prepaid expenses and other assets	(1,070)	184
Due from NYC Department of Education	15,332	(15,332)
Accounts payable and accrued expenses	4,703	(28,609)
Accrued salaries and other payroll related expenses	49,984	24,828
Due to NYC Department of Education	33,160	(8,124)
Due to related entities	19,864	14,522
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 383,582	\$ 576,433

See auditor's report.

NEW VISIONS CHARTER SCHOOLS
THE NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH & SCIENCE IV
DIVISIONAL STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2016)

ASSETS	2017	2016
Cash	\$ 695,413	\$ 142,122
Cash - restricted	50,053	25,000
Grants receivable	341,661	374,471
Prepaid expenses and other assets	376	2,472
Due from related entities	-	328
Due from NYC Department of Education	9,646	-
Property and equipment, net	112,698	99,925
	\$ 1,209,847	\$ 644,318
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 78,035	\$ 35,665
Accrued salaries and other payroll related expenses	85,207	60,777
Due to NYC Department of Education	-	13,000
Loan payable - New Visions for Public Schools	-	200,000
Due to related entities	97,831	66,144
	261,073	375,586
NET ASSETS		
Unrestricted	948,774	268,732
	\$ 1,209,847	\$ 644,318

See auditor's report.

NEW VISIONS CHARTER SCHOOLS

THE NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH & SCIENCE IV

DIVISIONAL STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	2017	2016
OPERATING REVENUE		
State and local per pupil operating revenue	\$ 4,018,495	\$ 2,193,890
Government grants and contracts	638,256	413,996
	<u>4,656,751</u>	<u>2,607,886</u>
EXPENSES		
Program services	3,439,378	2,199,990
Management and general	521,189	452,503
Fundraising	18,627	20,863
	<u>3,979,194</u>	<u>2,673,356</u>
SUPPORT AND OTHER INCOME		
Interest income	52	-
Other income	2,433	1,302
	<u>2,485</u>	<u>1,302</u>
CHANGE IN NET ASSETS	680,042	(64,168)
NET ASSETS - BEGINNING OF YEAR	<u>268,732</u>	<u>332,900</u>
NET ASSETS - END OF YEAR	<u>\$ 948,774</u>	<u>\$ 268,732</u>

See auditor's report.

NEW VISIONS CHARTER SCHOOLS
 THE NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH & SCIENCE IV
 DIVISIONAL STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2017
 (WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	No. of Positions	Program Services			Supporting Services		2017	2016
		Regular Education	Special Education	Total	Management and General	Fundraising		
Personnel service costs								
Administrative staff personnel	13	\$ 436,817	\$ 118,789	\$ 555,606	\$ 399,117	\$ -	\$ 954,723	\$ 684,004
Instructional personnel	20	945,000	287,117	1,232,117	-	-	1,232,117	695,726
Total salaries and staff	33	1,381,817	405,906	1,787,723	399,117	-	2,186,840	1,379,730
Fringe benefits and payroll taxes		297,428	91,338	388,766	83,655	-	472,421	280,962
Retirement		56,508	16,599	73,107	16,321	-	89,428	33,746
Management company fee		276,578	73,817	350,395	3,518	18,627	372,540	208,631
Legal services		4,204	969	5,173	6	-	5,179	12,774
Accounting and audit services		-	-	-	10,197	-	10,197	1,805
Other purchases of professional and consulting services		119,666	28,003	147,669	121	-	147,790	132,792
Repairs and maintenance		52,308	13,334	65,642	470	-	66,112	33,280
Insurance		18,285	4,713	22,998	180	-	23,178	11,131
Utilities		23,993	6,728	30,721	2,024	-	32,745	27,318
Instructional supplies and materials		74,812	25,113	99,925	-	-	99,925	146,361
Equipment and furnishings		33,854	8,759	42,613	344	-	42,957	60,121
Staff development		5,654	6,469	12,123	1,504	-	13,627	9,802
Marketing and recruitment		3,822	978	4,800	206	-	5,006	9,995
Technology		137,132	33,496	170,628	788	-	171,416	139,267
Food service		29,467	6,990	36,457	359	-	36,816	25,606
Student services		40,156	10,333	50,489	-	-	50,489	57,077
Office expense		67,152	16,949	84,101	1,731	-	85,832	74,644
Depreciation		50,339	13,435	63,774	640	-	64,414	25,659
Other		1,834	440	2,274	8	-	2,282	2,655
		\$ 2,675,009	\$ 764,369	\$ 3,439,378	\$ 521,189	\$ 18,627	\$ 3,979,194	\$ 2,673,356

See auditor's report.

NEW VISIONS CHARTER SCHOOLS
THE NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH & SCIENCE IV
DIVISIONAL STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2016)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operating revenue	\$ 4,666,915	\$ 2,246,415
Other cash received	2,485	1,302
Cash paid to employees and suppliers	<u>(3,838,922)</u>	<u>(2,549,187)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	830,478	(301,470)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(77,187)</u>	<u>(125,584)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds from New Visions for Public Schools	-	200,000
Payment on loan from New Visions for Public Schools	<u>(200,000)</u>	<u>-</u>
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	<u>(200,000)</u>	<u>200,000</u>
NET INCREASE (DECREASE) IN CASH	553,291	(227,054)
CASH - BEGINNING OF YEAR	<u>142,122</u>	<u>369,176</u>
CASH - END OF YEAR	<u>\$ 695,413</u>	<u>\$ 142,122</u>
 Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 680,042	\$ (64,168)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	64,414	25,659
Changes in operating assets and liabilities:		
Cash - restricted	(25,053)	(25,000)
Grants receivable	32,810	(374,471)
Prepaid expenses and other assets	2,096	(2,472)
Due from related entities	328	(328)
Due from NYC Department of Education	(9,646)	-
Accounts payable and accrued expenses	42,370	7,244
Accrued salaries and other payroll related expenses	24,430	54,905
Due to NYC Department of Education	(13,000)	13,000
Due to related entities	<u>31,687</u>	<u>64,161</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 830,478</u>	<u>\$ (301,470)</u>

See auditor's report.

NEW VISIONS CHARTER SCHOOLS

THE NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES IV

DIVISIONAL STATEMENT OF FINANCIAL POSITION

JUNE 30, 2017

ASSETS

Cash	\$	384,602
	\$	384,602

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$	8,825
Due to related entities		11,617
		<hr/>
		20,442

NET ASSETS

Unrestricted		364,160
	\$	384,602

See auditor's report.

NEW VISIONS CHARTER SCHOOLS

THE NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES IV

DIVISIONAL STATEMENT OF ACTIVITIES

FOR THE PERIOD FROM MAY 1, 2017 (DATE OF INCEPTION) TO JUNE 30, 2017

OPERATING REVENUE	
State and local per pupil operating revenue	\$ -
Government grants and contracts	-
	<hr/>
	-
	<hr/>
EXPENSES	
Program services	18,680
Management and general	17,160
	<hr/>
	35,840
SUPPORT AND OTHER INCOME	
Contributions and other grants	400,000
	<hr/>
CHANGE IN NET ASSETS	364,160
NET ASSETS - BEGINNING OF PERIOD	<hr/>
	-
NET ASSETS - END OF PERIOD	<hr/>
	\$ 364,160

See auditor's report.

NEW VISIONS CHARTER SCHOOLS
 THE NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES IV
 DIVISIONAL STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE PERIOD FROM MAY 1, 2017 (DATE OF INCEPTION) TO JUNE 30, 2017

	<u>No. of Positions</u>	<u>Program Services</u>			<u>Supporting Services</u>	<u>Total</u>
		<u>Regular Education</u>	<u>Special Education</u>	<u>Total</u>	<u>Management and General</u>	
Personnel service costs						
Administrative staff personnel	1	\$ -	\$ -	\$ -	\$ 13,701	\$ 13,701
Total salaries and staff	1	-	-	-	13,701	13,701
Fringe benefits and payroll taxes		-	-	-	1,375	1,375
Legal services		-	-	-	210	210
Other purchases of professional and consulting services		1,085	115	1,200	22	1,222
Utilities		-	-	-	132	132
Marketing and recruitment		215	48	263	506	769
Technology		11,368	1,333	12,701	1,214	13,915
Student services		4,082	434	4,516	-	4,516
		\$ 16,750	\$ 1,930	\$ 18,680	\$ 17,160	\$ 35,840

See auditor's report.

NEW VISIONS CHARTER SCHOOLS
 THE NEW VISIONS CHARTER HIGH SCHOOL FOR THE HUMANITIES IV
 DIVISIONAL STATEMENT OF CASH FLOWS
 FOR THE PERIOD FROM MAY 1, 2017 (DATE OF INCEPTION) TO JUNE 30, 2017

<hr/>	
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from operating revenue	\$ -
Other cash received	400,000
Cash paid to employees and suppliers	<u>(15,398)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>384,602</u>
 NET INCREASE IN CASH	 384,602
 CASH - BEGINNING OF PERIOD	 <u>-</u>
 CASH - END OF PERIOD	 <u>\$ 384,602</u>
 Reconciliation of change in net assets to net cash provided by operating activities:	
 Change in net assets	 \$ 364,160
 Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Accounts payable and accrued expenses	8,825
Due to related entities	<u>11,617</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 384,602</u>

See auditor's report.

NEW VISIONS CHARTER SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-through Grantor/Program	Federal CFDA Number	Pass-through entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed-through from New York State Education Department			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 339,144
Title II, Part A - Improving Teacher Quality State Grants	84.367	N/A	21,684
Charter Schools Program	84.282.M	N/A	400,000
Total Expenditures of Federal Awards			<u>\$ 760,828</u>

See independent auditor's report
 The accompanying notes are an integral part of this schedule.

NEW VISIONS CHARTER SCHOOLS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of New Visions Charter Schools (a not-for-profit organization) (the "School") under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the School, it is not intended and does not present the financial position, changes in net assets or cash flows of the School.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, Cost Principles for Non-Profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available and when applicable.

3. SUB-RECIPIENTS

Of the federal expenditures presented in the schedule, the School provided no federal awards to sub-recipients.



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 Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of New Visions Charter Schools (the "School"), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, changes in net assets, 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 17, 2017.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

An Independent Member of Baker Tilly International

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MBAF CPAs, LLC

New York, NY
October 17, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Trustees
New Visions Charter Schools

Report on Compliance for Each Major Federal Program

We have audited New Visions Charter Schools's (the "School") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2017. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, New Visions Charter Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of New Visions Charter Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

MBAF CPAs, LLC

New York, NY
October 17, 2017

NEW VISIONS CHARTER SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

Section I – Summary of Auditor’s results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> Yes	<u> √ </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> √ </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> √ </u> No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> Yes	<u> √ </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<u> </u> Yes	<u> √ </u> None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes √ No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Charter Schools Program	84.282.M	\$400,000
Dollar threshold used to distinguish between Type A and type B programs:		<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u> </u> Yes	<u> √ </u> No

NEW VISIONS CHARTER SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

Section II - Financial Statement Findings:

None Noted.

Section III - Federal Award Findings and Questioned Costs:

None Noted.