



NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of New Visions Charter High School for Advanced Math and Science (the "School"), which comprise the statement of financial position as of June 30, 2021, 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 High School for Advanced Math and Science as of June 30, 2021, 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.



Other Matter

The financial statements of New Visions Charter High School for Advanced Math and Science as of and for the year ended June 30, 2020 were audited by MBAF CPAs, LLC ("MBAF"), whose partners and professional staff joined BDO USA, LLP as of January 16, 2021, and has subsequently ceased operations. MBAF expressed an unmodified opinion on those statements in their report dated October 20, 2020.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2021 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

BDO USA, LLP

New York, NY
October 26, 2021

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

ASSETS	2021	2020
Cash	\$ 6,540,432	\$ 6,052,985
Cash - restricted	76,769	76,722
Grants receivable	510,749	414,177
Due from NYC Department of Education	4,861	10,794
Prepaid expenses and other assets	29,298	31,355
Due from related entities	649	-
Property and equipment, net	19,416	18,117
	\$ 7,182,174	\$ 6,604,150
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 73,360	\$ 30,233
Accrued salaries and other payroll related expenses	401,359	312,511
Refundable advance from Paycheck Protection Program	-	420,481
Due to related entities	229,097	160,318
	703,816	923,543
NET ASSETS		
Net assets - without donor restrictions	6,476,591	5,678,840
Net assets - with donor restrictions	1,767	1,767
	6,478,358	5,680,607
	\$ 7,182,174	\$ 6,604,150

See accompanying notes to the financial statements.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCESTATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUE WITHOUT DONOR RESTRICTIONS		
State and local per pupil operating revenue	\$ 8,865,475	\$ 8,513,989
Government grants and contracts	1,035,454	1,434,052
	<u>9,900,929</u>	<u>9,948,041</u>
EXPENSES		
Program services:		
General education	6,364,431	6,218,416
Special education	1,743,304	1,461,520
Management and general	1,011,751	918,242
	<u>9,119,486</u>	<u>8,598,178</u>
SUPPORT AND OTHER INCOME		
Contributions and other income	12,641	68,791
Interest income	3,667	29,882
Net assets released from restrictions	-	750
	<u>16,308</u>	<u>99,423</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>797,751</u>	<u>1,449,286</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	-	1,500
Net assets released from restrictions	-	(750)
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>-</u>	<u>750</u>
CHANGE IN NET ASSETS	797,751	1,450,036
NET ASSETS – BEGINNING OF YEAR	<u>5,680,607</u>	<u>4,230,571</u>
NET ASSETS – END OF YEAR	<u>\$ 6,478,358</u>	<u>\$ 5,680,607</u>

See accompanying notes to the financial statements.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	No. of Positions	Program Services			Supporting Services	2021
		Regular Education	Special Education	Total	Management and General	
Personnel service costs						
Administrative staff personnel	27	\$ 1,174,253	\$ 158,942	\$ 1,333,195	\$ 770,882	\$ 2,104,077
Instructional personnel	48	2,793,133	1,093,126	3,886,259	-	3,886,259
Total salaries and staff	75	3,967,386	1,252,068	5,219,454	770,882	5,990,336
Fringe benefits and payroll taxes		712,750	231,704	944,454	142,658	1,087,112
Retirement		256,456	80,935	337,391	49,831	387,222
Management company fee		659,795	82,546	742,341	12,432	754,773
Legal services		7,440	899	8,339	-	8,339
Accounting and audit services		-	-	-	21,685	21,685
Other purchases of professional and consulting services		176,853	21,811	198,664	1,664	200,328
Repairs and maintenance		10,129	1,263	11,392	171	11,563
Insurance		52,695	6,593	59,288	993	60,281
Utilities		33,171	4,876	38,047	3,480	41,527
Instructional supplies and materials		27,159	3,390	30,549	-	30,549
Equipment and furnishings		9,749	1,215	10,964	251	11,215
Staff development		6,072	831	6,903	303	7,206
Marketing and recruitment		2,928	439	3,367	-	3,367
Technology		233,063	29,076	262,139	4,568	266,707
Food service		6,608	818	7,426	91	7,517
Student services		80,384	9,774	90,158	-	90,158
Office expense		73,535	9,137	82,672	2,065	84,737
Depreciation		11,455	1,433	12,888	216	13,104
Other		36,803	4,496	41,299	461	41,760
		\$ 6,364,431	\$ 1,743,304	\$ 8,107,735	\$ 1,011,751	\$ 9,119,486

See accompanying notes to the financial statements.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

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

See accompanying notes to the financial statements.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operating revenue	\$ 9,809,641	\$ 9,826,447
Other cash received	16,308	100,173
Cash paid to employees and suppliers	<u>(9,324,052)</u>	<u>(8,216,628)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	501,897	1,709,992
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(14,403)</u>	<u>(9,269)</u>
NET INCREASE IN CASH	487,494	1,700,723
CASH AND CASH - RESTRICTED - BEGINNING OF YEAR	<u>6,129,707</u>	<u>4,428,984</u>
CASH AND CASH - RESTRICTED - END OF YEAR	<u>\$ 6,617,201</u>	<u>\$ 6,129,707</u>

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

Change in net assets	\$ 797,751	\$ 1,450,036
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,104	15,869
Changes in operating assets and liabilities:		
Grants receivable	(96,572)	(110,800)
Due from NYC Department of Education	5,933	(10,794)
Prepaid expenses and other assets	2,057	25,115
Due from related entities	(649)	-
Accounts payable and accrued expenses	43,127	(91,578)
Accrued salaries and other payroll related expenses	88,848	75,710
Refundable advance from Paycheck Protection Program	(420,481)	420,481
Due to NYC Department of Education	-	(46,366)
Due to related entities	<u>68,779</u>	<u>(17,681)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 501,897</u>	<u>\$ 1,709,992</u>

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

Cash	\$ 6,540,432	\$ 6,052,985
Cash - restricted	<u>76,769</u>	<u>76,722</u>
	<u>\$ 6,617,201</u>	<u>\$ 6,129,707</u>

See accompanying notes to the financial statements.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

1. NATURE OF THE ORGANIZATION

New Visions Charter High School for Advanced Math and Science (the "School") is a New York State not-for-profit educational corporation that was incorporated on December 14, 2010 to operate a charter school pursuant to Article 56 of the Education Law of the State of New York. The School, led by the Board of Trustees, received a charter from the Charter Schools Institute - State University of New York ("SUNY-CSI") to operate a charter school in the State of New York pursuant to certain terms and conditions set forth in its approved charter application and charter agreement dated November 19, 2010. The School endeavors to extend equally to all students, regardless of their previous academic history, the highest quality education in an atmosphere of respect, responsibility and safety. The School's charter was renewed for an additional five years, expiring in July 2026.

The School, as determined by the Internal Revenue Service, 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. It is also exempt under a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(ii) of the IRC.

In fiscal year 2021, the School operated classes for students in ninth through twelfth grade.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

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

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

These classes are defined as follows:

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

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

At June 30, 2021 and 2020, net assets with donor restrictions of \$1,767 are restricted for an internship program.

Cash – Restricted

An escrow account in the amount of \$76,769 and \$76,722 was held aside under the provisions of the School's charter to pay for legal and audit expenses that would be associated with a dissolution should it occur, as required by the New York State Education Department as of June 30, 2021 and 2020, respectively.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable

Grants receivable represent federal and state entitlements and grants. Grants receivable are expected to be collected within one year, are recorded at net realizable value, and amounted to \$510,749 and \$414,177 at June 30, 2021 and 2020, respectively. The School evaluates the collectability of the receivables and employs the allowance method. The School has determined that no allowance for uncollectible accounts was necessary at June 30, 2021 and 2020. Such estimate is based on management's assessment of the aged basis of its receivables, as well as current economic conditions and historical information.

Contributions

Transfers of cash or other assets or settlement of liabilities that are both voluntary and nonreciprocal are recognized as contributions.

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

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets as to time or purpose restrictions.

Contributions subject to donor restrictions are recognized in changes in net assets with donor restrictions. When a purpose restriction is satisfied or when a time restriction expires, the contribution is reported as net assets released from restrictions and is recognized in changes in net assets without donor restrictions in the statement of activities.

Revenue Recognition

Per-Pupil Revenue

The School recognizes revenues from per-pupil funding in the fiscal year in which the academic programs are provided. Per-pupil revenue is billed and received based on the total number of full-time equivalent ("FTE") students and the basic charter school tuition rate for the school district of residence of the students attending the School in any given fiscal year for general education and special education. The FTE is formula-driven and based on the number of days the student has been with the School as a proportion of the number of days in the entire school year (the calculation is done by using the New York State calculator online). The School's total student population includes general education and special education students. The School has determined that revenue from its students has the same performance obligations, types of contract, and services rendered. As a result, the student body is viewed as one customer base for revenue purposes. The School uses a portfolio approach to account for per-pupil contracts as a collective group rather than recognizing revenue on an individual-contract basis. The School believes that revenue recognized by utilizing the portfolio approach approximates the revenue that would have been recognized if an individual contract approach were used.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Per-Pupil Revenue (continued)

Per-pupil invoicing is managed on a bi-monthly basis to the funding source (local school district). Billing is a function of student enrollment for the upcoming fiscal year, which is the basis for the first two invoices per-pupil due June 1st and July 31st, which is a projection. Subsequent invoices are due bi-monthly. With the implementation of an automated-invoicing process through a dedicated website, the submission of each invoice is done online. After the year is complete, the School submits the FTE per-pupil reconciliation, listing every student who attended any part of the year, and the FTE each represents. Based on this final count, it calculates how much should have been paid to the School and included in the reconciliation will be any amounts due from the funding source included in grants and other receivables on the statement of financial position at year end, or any amounts payable to the funding source included as a liability on the statement of financial position at year end, as amounts are trued up to actual based on actual numbers submitted at year end.

Additional funding is also provided to support special education services. All students who are identified to need special education services or settings have an Individualized Education Program ("IEP"), formalized for his or her unique needs. Based on this IEP, the student is categorized into one of three levels of service: 0-20% service, 20-60% service, or 60% or more service required and provided by the School. For a student receiving less than 20% in services, no additional funding is received. For a student receiving services between 20% and 60% and 60% or more services of the school day, additional funding per FTE is received. Billing for this support is incorporated into the per-pupil invoices and is also settled in the same FTE per-pupil reconciliation process.

As the students receive the benefit of these services simultaneously as the School is providing them, the School recognizes per-pupil revenue from these services over time. The School believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to students receiving academic or school services. The School measures the performance obligation from admission or enrollment into the School to the point when the student is discharged or the end of the school year where it is no longer required to provide services to the student, which is generally at the time of discharge or the completion of the school year. All of these services are bundled and considered a single-performance obligation, and as such, the School accounts for these bundled-performance obligations under state and local per pupil operating revenue in the statement of activities and recognizes the per-pupil revenue over time.

Government Grants

Revenue from federal, state, and local government grants and contracts is recognized by the School when qualifying expenditures are incurred and billable to the government, or when required services have been provided.

Contract Assets and Contract Liabilities

In accordance with Accounting Standards Codification ("ASC") 606, contract assets are to be recognized when an entity has the right to receive consideration in exchange for goods or services that have been transferred to a customer when that right is conditional on something other than the passage of time. The School does not recognize contract assets, as the right to receive consideration is unconditional in accordance with the passage of time criteria. Also, in accordance with ASC 606, contract liabilities are to be recognized when an entity is obligated to transfer goods or services for which consideration has already been received. The School does not receive consideration prior to the transfer of goods or services and, therefore, does not recognize contract liabilities.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions of Nonfinancial Assets

The School may receive contributed services that are an integral part of its operations. Such services are only recorded as contributions of nonfinancial assets, at their fair value, provided the services create or enhance nonfinancial assets, require specified skills provided by individuals possessing those skills, and typically need to be purchased, if not provided by donation.

The School receives donated space from the New York City Department of Education ("NYCDOE") that it shares with a New York City public school (Note 9). The donated space will be used for operating, general, and administrative activities. In valuing the donated space, which is located in the Bronx, New York, the School estimated the fair value on the basis of recent comparable sales prices in the Bronx, New York's real estate market, taking into account the restriction on use of the space.

Property and Equipment and Depreciation

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

Furniture and office equipment	3 years
Computer equipment	3 years

Impairment

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were recognized for the years ended June 30, 2021 and 2020.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis and by natural classification in the accompanying statement of activities. Accordingly, certain costs have been allocated among the respective programs and activities according to the functional categories, as follows:

Program Services – This category represents expenses related to general education and special education for certain students requiring additional attention and guidance. These costs are allocated based on the FTE allocation method.

Management and General – This category represents expenses related to the overall administration and operation of the School that are not specific to any program services or development. These costs are allocated based on the FTE allocation method.

Estimates

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

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The School has evaluated events through October 26, 2021, which is the date the financial statements were available to be issued.

Income Taxes

The School is exempt from federal, state and local income taxes under Section 501(c)(3) of the Internal Revenue Code (the "IRC") and, therefore, has made no provision for income taxes in the accompanying financial statements. In addition, the School has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the IRC. There was no unrelated business income for the year ended June 30, 2021.

Under U.S. GAAP, an organization must recognize the tax benefit associate with tax positions taken for tax-return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The School does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The School is subject to routine audits by a taxing authority. As of June 30, 2021, the School was not subject to any examination by a taxing authority.

Adoption of Accounting Pronouncement

Revenue from Contracts with Customers (Topic 606)

During the year ended June 30, 2021, the School adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as of July 1, 2020 using the modified-retrospective approach. This guidance requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. The School's revenue is derived primarily from per-pupil revenue for services provided to students. Per-pupil revenues are recognized as revenue over the course of the academic school year or program for which it is earned. The adoption of ASU 2014-09 did not result in a material change to the timing of when revenue is recognized.

Recent Accounting Pronouncements

Lease Accounting

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for non-public business entities for fiscal years beginning after December 15, 2021. The School is currently evaluating the impact of the adoption of ASU 2016-02.

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). The update requires not-for-profits to present contributed nonfinancial assets as a separate line item on the statement of activities, and to disclose information regarding each type of contributed nonfinancial assets. The update is effective for financial statements issued for fiscal years beginning after June 15, 2021, and interim periods within fiscal years beginning after June 15, 2022, with early application permitted. The School is currently evaluating the impact of the adoption of ASU 2020-07.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020****3. LIQUIDITY AND AVAILABILITY OF RESOURCES**

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

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

June 30,	2021	2020
Cash	\$ 6,540,432	\$ 6,052,985
Cash - restricted	76,769	76,722
Grants receivable	510,749	414,177
Due from NYC Department of Education	4,861	10,794
Due from related entities	649	-
Total financial assets	<u>7,133,460</u>	<u>6,554,678</u>
Less amounts unavailable for general expenditures within one year due to:		
Restricted by contract	(76,769)	(76,722)
Restricted by donors with purpose restrictions	<u>(1,767)</u>	<u>(1,767)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 7,054,924</u>	<u>\$ 6,476,189</u>

4. RELATED PARTY TRANSACTIONS

New Visions for Public Schools ("New Visions") is a not-for-profit organization dedicated to supporting public schools and helping to start and manage charter schools. Pursuant to the terms of the educational services agreement by and between the School and New Visions dated July 22, 2011, New Visions provides educational management, operational, and fundraising services to the School. As compensation to New Visions for these services rendered, the School pays 8% of its gross revenue. Gross revenue is defined as all such funding provided by the State, Federal, and local governments, but excludes any private grant funding awarded to the School.

The balance due to New Visions from the School at June 30, 2021 and 2020 amounted to \$229,097 and \$159,727, respectively, which is comprised of management fees. Total management fees incurred by the School for the years ended June 30, 2021 and 2020 totaled \$754,773 and \$723,205, respectively.

For operational efficiency and purchasing power, the School also shares expenses with other charter schools related by common management. At June 30, 2021, the balance due from other charter schools was \$649. There was no balance due from other charter schools at June 30, 2020. There was no balance due to other charter schools at June 30, 2021. At June 30, 2020, the balance due to other charter schools was \$591.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020****5. PROPERTY AND EQUIPMENT**

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

	<u>2021</u>	<u>2020</u>
Computer equipment	\$ 185,814	\$ 171,411
Furniture and office equipment	<u>63,704</u>	<u>63,704</u>
	249,518	235,115
Less: accumulated depreciation	<u>(230,102)</u>	<u>(216,998)</u>
	<u>\$ 19,416</u>	<u>\$ 18,117</u>

Depreciation expense amounted to \$13,104 and \$15,869 for the years ended June 30, 2021 and 2020, respectively.

6. GRANTS RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
E-Rate Reimbursement	\$ 30,197	\$ 26,056
Mount Vernon – Per Pupil	111,778	38,186
Yonkers – Per Pupil	15,913	55,453
Title I	153,921	154,461
Title II	18,156	17,276
Title IV	11,945	12,009
ESSER I	115,028	-
CSP	45,780	-
NYS Additional Funding	-	95,535
Other	<u>8,031</u>	<u>15,201</u>
	<u>\$ 510,749</u>	<u>\$ 414,177</u>

7. REFUNDABLE ADVANCE FROM PAYCHECK PROTECTION PROGRAM

In April 2020, the School received proceeds in the amount of \$1,328,458, under the Paycheck Protection Program ("PPP"). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") which was enacted March 27, 2020. PPP are considered conditional contributions, with a right-of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP funds must be used by the School during the 24-week period after the loan origination for certain eligible purposes including payroll costs, interest on certain mortgage obligations, rent payments on certain leases, and certain qualified utility payments, provided that at least 60% of the loan amount is used for eligible payroll costs; the employer maintaining or rehiring employees and maintaining salaries at certain levels; and other factors.

The School recognized \$420,481 and \$907,977 of the amount received as government grant revenue in the statement of activities based on the qualifying expenditures incurred and barriers to entitlement being met during the years ended June 30, 2021 and 2020, respectively.

At June 30, 2021, there was no balance recorded as a refundable advance from the Paycheck Protection Program due to qualifying expenditures being incurred and barriers to entitlement being met. At June 30, 2020, the School recorded \$420,481 as a refundable advance from the Paycheck Protection program for funds received in advance for which qualifying expenditures have not yet been incurred and barriers to entitlement have not been met.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

7. REFUNDABLE ADVANCE FROM PAYCHECK PROTECTION PROGRAM (CONTINUED)

Subject to other requirements and limitations on forgiveness, only proceeds spent on payroll and other eligible costs during a covered eight-week or twenty-four-week period qualify for forgiveness. Any forgiveness of the PPP is subject to approval by the Small Business Administration ("SBA"). As of June 30, 2021, the School has incurred eligible expenditures equal to the proceeds and an application for forgiveness has been made. Management believes the School has met the requirements to be fully forgiven. However, if a portion of the grant must be repaid, the terms (0.98% per annum, repayable over a maximum of two years with a six-month deferral period) are such that the School has sufficient liquidity to repay the unforgiven portion.

8. PENSION PLAN

The School has adopted the New Visions for Public Schools' pension plan (the "Plan") which is qualified under Internal Revenue Code 403(b) for the benefit of its eligible employees. The Plan is an elective contribution plan. Employees are eligible to enroll in the Plan once they have completed at least one full year of service and completion of 1,000 work hours, and are also eligible for discretionary employer contributions. The School's contribution becomes fully vested after the sixth year of the employee's service. Pension expense amounted to \$387,222 and \$319,714, net of forfeitures, for the years ended June 30, 2021 and 2020, respectively, and is included in retirement in the statements of functional expenses.

9. AGREEMENT WITH SCHOOL FACILITY

The School shares space with a New York City public school, located at 99 Terrace View Avenue, Bronx, New York 10456. As part of the New York City Chancellor's Charter School Initiative, the NYCDOE has provided this space to the School at no charge. The services provided by the NYCDOE to the charter school, such as rent, utilities, custodial services, maintenance and school safety services are provided at no cost.

The School is using a relative valuation model to measure the fair value of the donated space. The NYCDOE has not provided a value for the space and there is no lease agreement in place. In applying the valuation model, significant inputs include the total square footage allocated the School, the average cost per square foot based on comparable sales prices in the Bronx, New York, and the estimated discount factor applied to the cost per square foot to account for the restricted use of the space. Based on such assumptions, the School applies a relative cost per square foot calculated using all available market information in the Bronx, New York.

Square footage totaling 14,728 feet is allocated to the School. The value of the space and related utilities and services calculated by applying the relative valuation model is not significant and, therefore, is not recorded in the financial statements.

10. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to help protect itself from such risks. The School also intends to defend its positions on these matters. As of June 30, 2021, there are no matters for which the School believes the ultimate outcome would have a material adverse effect on the School's financial position.

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. The School is of the opinion that such cost disallowances, if any, will not have a material effect in the School's financial statements.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

10. RISK MANAGEMENT (CONTINUED)

On March 27, 2020, the CARES Act was signed into law in response to the coronavirus ("COVID-19") pandemic. The CARES Act includes many measures to provide relief to companies and organizations. Under the CARES Act, the Local Education Agencies ("LEAs") received funds from the Elementary and Secondary School Emergency Relief ("ESSER") fund to provide equitable services to students and teachers in non-public schools. The School was granted funds to defray the COVID-19 outbreak costs under the aforementioned ESSER fund during the year ended June 30, 2021.

11. COMMITMENTS

The School leases office equipment and copiers under non-cancellable operating leases which will expire at various times during the next four years. The leasing expense for the years ended June 30, 2021 and 2020 was \$37,931 and \$51,321, respectively, which is included in the accompanying statements of functional expenses under office expense. Future minimum lease payments are as follows:

	June 30,
2022	\$ 3,453
2023	1,713
2024	1,713
2025	999
	<hr/>
	\$ 7,878

12. 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 84% of its total revenue from per pupil funding from the NYCDOE during the years ended June 30, 2021 and 2020, respectively.

The School's grants receivable consist of two major grantors accounting for approximately 89% at June 30, 2021 and two major grantors accounting for 81% at June 30, 2020.

The School's payables consist of two major vendors accounting for approximately 59% at June 30, 2021 and one major vendor accounting for approximately 91% at June 30, 2020.



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of New Visions Charter High School for Advanced Math and Science (the "School"), which comprise the statement of financial position as of June 30, 2021, 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 26, 2021.

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") as a basis for designing 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 financial statements. 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 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.

BDO USA, LLP

New York, NY
October 26, 2021

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether
the financial statements audited were prepared
in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

2. FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements that are required to be reported in accordance with generally accepted government auditing standards.