



NEW VISIONS AIM CHARTER HIGH SCHOOL II

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NEW VISIONS AIM CHARTER HIGH SCHOOL II

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Tel: 212-576-1400
Fax: 212-576-1414
www.bdo.com

600 Third Avenue, 3rd Floor
New York, NY 10016

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
New Visions AIM Charter High School II
New York, New York

Report on the Financial Statements

We have audited the accompanying financial statements of New Visions AIM Charter High School II (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 AIM Charter High School II 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 Matters

The financial statements of New Visions AIM Charter High School II 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 28, 2020.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 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 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 29, 2021

NEW VISIONS AIM CHARTER HIGH SCHOOL II

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

ASSETS	2021	2020
Cash	\$ 1,434,646	\$ 996,624
Cash - restricted	76,467	76,420
Grants receivable	226,215	165,309
Due from related entities	650	222
Prepaid expenses and other assets	15,023	2,139
Property and equipment, net	19,312	31,307
	\$ 1,772,313	\$ 1,272,021
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 54,536	19,098
Accrued salaries and other payroll related expenses	175,879	129,829
Refundable advance from Paycheck Protection Program	-	146,122
Due to NYC Department of Education	130,701	70,454
Due to related entities	108,751	98,908
	469,867	464,411
NET ASSETS		
Net assets - without donor restrictions	1,302,446	807,610
	\$ 1,772,313	\$ 1,272,021

See accompanying notes to the financial statements.

NEW VISIONS AIM CHARTER HIGH SCHOOL II

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUE WITHOUT DONOR RESTRICTIONS		
State and local per pupil operating revenue	\$ 5,232,404	\$ 4,402,341
Government grants and contracts	553,865	859,876
	<u>5,786,269</u>	<u>5,262,217</u>
EXPENSES		
Program services:		
General education	2,107,431	2,327,178
Special education	2,488,656	1,851,111
Management and general	699,565	588,002
	<u>5,295,652</u>	<u>4,766,291</u>
SUPPORT AND OTHER INCOME		
Contributions and other income	3,416	35,777
Interest income	803	4,536
	<u>4,219</u>	<u>40,313</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	494,836	536,239
NET ASSETS - BEGINNING OF YEAR	<u>807,610</u>	<u>271,371</u>
NET ASSETS - END OF YEAR	<u>\$ 1,302,446</u>	<u>\$ 807,610</u>

See accompanying notes to the financial statements.

NEW VISIONS AIM CHARTER HIGH SCHOOL II

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	No. of Positions	Program Services			Supporting Services	2021
		General Education	Special Education	Total	Management and General	
Personnel service costs						
Administrative staff personnel	16	\$ 417,532	\$ 373,505	\$ 791,037	\$ 527,544	\$ 1,318,581
Instructional personnel	26	838,573	1,201,879	2,040,452	-	2,040,452
Total salaries and staff	42	1,256,105	1,575,384	2,831,489	527,544	3,359,033
Fringe benefits and payroll taxes		226,009	302,553	528,562	90,393	618,955
Retirement		80,066	100,417	180,483	33,626	214,109
Management company fee		263,150	246,763	509,913	13,212	523,125
Legal services		398	374	772	20	792
Accounting and audit services		-	-	-	21,742	21,742
Other purchases of professional and consulting services		16,118	37,098	53,216	2,886	56,102
Repairs and maintenance		6,454	5,789	12,243	255	12,498
Insurance		20,997	19,690	40,687	1,054	41,741
Utilities		23,973	22,076	46,049	2,256	48,305
Instructional supplies and materials		3,282	2,462	5,744	-	5,744
Equipment and furnishings		16,474	12,645	29,119	50	29,169
Staff development		876	1,273	2,149	352	2,501
Marketing and recruitment		870	1,360	2,230	942	3,172
Technology		141,307	115,598	256,905	3,314	260,219
Food service		2,484	2,360	4,844	491	5,335
Student services		12,076	10,030	22,106	-	22,106
Office expense		20,545	18,376	38,921	764	39,685
Depreciation		8,898	8,344	17,242	447	17,689
Other		7,349	6,064	13,413	217	13,630
		<u>\$ 2,107,431</u>	<u>\$ 2,488,656</u>	<u>\$ 4,596,087</u>	<u>\$ 699,565</u>	<u>\$ 5,295,652</u>

See accompanying notes to the financial statements.

NEW VISIONS AIM CHARTER HIGH SCHOOL II

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	No. of Positions	Program Services			Supporting Services	2020
		General Education	Special Education	Total	Management and General	
Personnel service costs						
Administrative staff personnel	17	\$ 487,195	\$ 284,424	\$ 771,619	\$ 430,300	\$ 1,201,919
Instructional personnel	25	956,165	894,332	1,850,497	-	1,850,497
Total salaries and staff	42	1,443,360	1,178,756	2,622,116	430,300	3,052,416
Fringe benefits and payroll taxes		261,266	229,244	490,510	75,715	566,225
Retirement		67,185	54,868	122,053	20,030	142,083
Management company fee		250,065	175,233	425,298	19,684	444,982
Legal services		4,977	3,299	8,276	318	8,594
Accounting and audit services		-	-	-	19,457	19,457
Other purchases of professional and consulting services		71,232	64,614	135,846	8,092	143,938
Repairs and maintenance		7,363	4,744	12,107	372	12,479
Insurance		20,638	14,462	35,100	1,625	36,725
Utilities		22,336	15,945	38,281	3,146	41,427
Instructional supplies and materials		15,594	7,797	23,391	-	23,391
Equipment and furnishings		8,773	4,924	13,697	1,019	14,716
Staff development		3,512	2,691	6,203	603	6,806
Marketing and recruitment		432	942	1,374	-	1,374
Technology		64,810	40,855	105,665	3,640	109,305
Food service		20,168	12,143	32,311	1,005	33,316
Student services		27,833	15,768	43,601	-	43,601
Office expense		22,894	15,127	38,021	2,095	40,116
Depreciation		7,449	5,219	12,668	586	13,254
Other		7,291	4,480	11,771	315	12,086
		<u>\$ 2,327,178</u>	<u>\$ 1,851,111</u>	<u>\$ 4,178,289</u>	<u>\$ 588,002</u>	<u>\$ 4,766,291</u>

See accompanying notes to the financial statements.

NEW VISIONS AIM CHARTER HIGH SCHOOL II
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	\$ 5,785,610	\$ 5,131,612
Other cash received	4,219	40,313
Cash paid to employees and suppliers	<u>(5,346,066)</u>	<u>(4,609,542)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>443,763</u>	<u>562,383</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(5,694)</u>	<u>(25,629)</u>
NET INCREASE IN CASH	438,069	536,754
CASH AND CASH - RESTRICTED - BEGINNING OF YEAR	<u>1,073,044</u>	<u>536,290</u>
CASH AND CASH - RESTRICTED - END OF YEAR	<u>\$ 1,511,113</u>	<u>\$ 1,073,044</u>
 Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 494,836	\$ 536,239
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,689	13,254
Changes in operating assets and liabilities:		
Grants receivable	(60,906)	(50,079)
Due from related entities	(428)	500,968
Prepaid expenses and other assets	(12,884)	20,827
Accounts payable and accrued expenses	35,438	(639,539)
Accrued salaries and other payroll related expenses	46,050	59,233
Refundable advance from Paycheck Protection Program	(146,122)	146,122
Due to NYC Department of Education	60,247	(80,526)
Due to related entities	<u>9,843</u>	<u>55,884</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 443,763</u>	<u>\$ 562,383</u>
 Cash and cash - restricted consist of:		
Cash	\$ 1,434,646	\$ 996,624
Cash - restricted	<u>76,467</u>	<u>76,420</u>
	<u>\$ 1,511,113</u>	<u>\$ 1,073,044</u>

See accompanying notes to the financial statements.

NEW VISIONS AIM CHARTER HIGH SCHOOL II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

1. NATURE OF THE ORGANIZATION

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

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

The School, 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.

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, the School had no assets with donor restrictions.

Cash – Restricted

An escrow account in the amount of \$76,467 and \$76,420 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 for the years ended June 30, 2021 and 2020.

NEW VISIONS AIM CHARTER HIGH SCHOOL II

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 amount to \$226,215 and \$165,309 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 is 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.

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 true up to actual based on actual numbers submitted at year end.

NEW VISIONS AIM CHARTER HIGH SCHOOL II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Per-Pupil Revenue (continued)

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.

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.

NEW VISIONS AIM CHARTER HIGH SCHOOL II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, based on the established threshold. Depreciation is provided on the straight-line method over the estimated useful lives, which is three years for computer equipment.

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.

Advertising

The School expenses advertising costs as incurred. The School incurred \$3,172 and \$1,374 in advertising costs for the years ended June 30, 2021 and 2020, respectively, which is included in the accompanying statements of functional expenses under marketing and recruitment.

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 the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated events through October 29, 2021, which is the date the financial statements were available to be issued.

NEW VISIONS AIM CHARTER HIGH SCHOOL II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NEW VISIONS AIM CHARTER HIGH SCHOOL II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

3. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

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	\$ 1,434,646	\$ 996,624
Cash - restricted	76,467	76,420
Grants receivable	226,215	165,309
Due from related entities	650	222
Total financial assets	<u>1,737,978</u>	<u>1,238,575</u>
Less amounts unavailable for general expenditures within one year due to:		
Restricted by contract	<u>(76,467)</u>	<u>(76,420)</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 1,661,511</u>	<u>\$ 1,162,155</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 start and manage charter schools. Pursuant to the terms of the educational services agreement by and between the School and New Visions beginning in fiscal year 2018, New Visions provides educational management, operational, and fundraising services to the School. As compensation to New Visions for these services rendered, the School pays 10% of per-pupil revenues, received by the School during the year.

The balance due to New Visions from the School at June 30, 2021 and 2020 amounted to \$108,323 and \$98,908, respectively, which is comprised of management fees. Total management fees incurred by the School for the years ended June 30, 2021 and 2020 totaled \$523,125 and \$444,982, respectively.

For operational efficiency and purchasing power, the School also shares expenses with other charter schools related by common management. At June 30, 2021 and 2020, the balance due from other charter schools was \$650 and \$222, respectively. At June 30, 2021, the balance due to other charter schools was \$428. There was no balance due to other charter schools at June 30, 2020.

5. PROPERTY AND EQUIPMENT

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

	2021	2020
Computer equipment	\$ 54,963	\$ 49,269
Less: accumulated depreciation	<u>(35,651)</u>	<u>(17,962)</u>
	<u>\$ 19,312</u>	<u>\$ 31,307</u>

Depreciation expense amounted to \$17,689 and \$13,254 for the years ended June 30, 2021 and 2020, respectively.

NEW VISIONS AIM CHARTER HIGH SCHOOL II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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,:

	2021	2020
E-Rate Reimbursement	\$ 30,556	\$ 20,347
Title I	76,141	77,129
Title II	5,120	7,036
Title IV	6,150	6,039
ESSER I	74,188	-
CSP	32,700	-
NYS Additional Funding	-	47,478
Other	1,360	7,280
	<u>\$ 226,215</u>	<u>\$ 165,309</u>

7. REFUNDABLE ADVANCE FROM PAYCHECK PROTECTION PROGRAM

In April 2020, the School received proceeds in the amount of \$694,980, 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 \$146,122 and \$548,858 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 \$146,122 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.

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.

On July 7, 2021, the School received notification from the Small Business Administration that the School's forgiveness application of the PPP and accrued interest was approved in full, and the School has no further obligations related to the PPP.

NEW VISIONS AIM CHARTER HIGH SCHOOL II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

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 \$214,109 and \$142,083, net of forfeitures, for the years ended June 30, 2021 and 2020, respectively, and is included in retirement in the accompanying statements of functional expenses.

9. AGREEMENT WITH SCHOOL FACILITY

The School shares space with a New York City public school, located at 1010 Rev. James A. Polite Avenue, Bronx, New York 10459. 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 7,478 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.

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.

NEW VISIONS AIM CHARTER HIGH SCHOOL II

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 AND 2020

11. COMMITMENTS

The School leases office equipment and copiers under non-cancellable operating leases which will expire at various times during the year ended June 30, 2022. The leasing expense for the years ended June 30, 2021 and 2020 was \$17,157 and \$17,508, respectively, which is included in the accompanying statements of functional expenses under office expense. The future minimum lease payment for the year ended June 30, 2022 amounts to \$7,392.

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 limit of \$250,000.

The School received approximately 90% and 83% of its total revenue from per pupil funding from the NYCDOE for the years ended June 30, 2021 and 2020, respectively.

The School's grants receivable consists of two major grantors accounting for approximately 99% at June 30, 2021 and two major grantors accounting for 96% at June 30, 2020.

The School's payables consist of one major vendor accounting for approximately 76% at June 30, 2021 and four major vendors accounting for approximately 79% of accounts payable at June 30, 2020.



Tel: 212-576-1400
Fax: 212-576-1414
www.bdo.com

600 Third Avenue, 3rd Floor
New York, NY 10016

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

To the Board of Trustees
New Visions AIM Charter High School II
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 AIM Charter High School II (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 29, 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 29, 2021

NEW VISIONS AIM CHARTER HIGH SCHOOL II

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021**

1. SUMMAR 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.