

New Visions Charter High School for the Humanities

Financial Statements

Years Ended June 30, 2023 and 2022

and Supplemental Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

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New Visions Charter High School for the Humanities

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Tel: 212-371-4446
Fax: 212-371-9374
www.bdo.com

622 Third Ave, Suite 3100
New York, NY 10017

Independent Auditor's Report

The Board of Trustees
New Visions Charter High School for the Humanities
New York, New York

Opinion

We have audited the financial statements of New Visions Charter High School for the Humanities (the School), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Other Matters

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2023 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, P. C.

October 30, 2023

New Visions Charter High School for the Humanities

Statements of Financial Position

<i>June 30,</i>	2023	2022
Assets		
Cash and cash equivalents	\$ 3,662,677	\$ 4,943,514
Restricted cash	78,421	76,564
Grants receivable	1,588,982	1,512,693
Due from NVPS and affiliate charters	36,492	1,159
Prepaid expenses and other assets	29,889	94,969
Property and equipment, net	39,207	82,959
Total Assets	\$ 5,435,668	\$ 6,711,858
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 59,723	\$ 140,027
Accrued salaries and other payroll related expenses	341,514	361,954
Due to NYC Department of Education	59,012	58,453
Due to NVPS and affiliate charters	280,771	254,631
Total Liabilities	741,020	815,065
Commitments and Contingencies (Notes 2, 3, 4, 7, 8, 9 and 10)		
Net Assets		
Net assets - without donor restrictions	4,689,886	5,889,799
Net assets - with donor restrictions	4,762	6,994
Total Net Assets	4,694,648	5,896,793
Total Liabilities and Net Assets	\$ 5,435,668	\$ 6,711,858

See accompanying notes to the financial statements.

New Visions Charter High School for the Humanities

Statement of Activities

<i>Year ended June 30, 2023</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
State and local per pupil operating revenue	\$ 8,927,095	\$ -	\$ 8,927,095
Government grants and contracts	1,888,496	-	1,888,496
Contributions and other income	135,330	-	135,330
Interest Income	103,291	-	103,291
Contributions of non-financial assets	1,634	-	1,634
Net assets released from restrictions	2,232	(2,232)	-
Total Revenue and Support	11,058,078	(2,232)	11,055,846
Expenses			
Program services:			
General education	7,810,742	-	7,810,742
Special education	2,572,668	-	2,572,668
Total Program Services	10,383,410	-	10,383,410
Supporting services:			
Management and general	1,874,581	-	1,874,581
Total Expenses	12,257,991	-	12,257,991
Change in Net Assets	(1,199,913)	(2,232)	(1,202,145)
Net Assets, beginning of year	5,889,799	6,994	5,896,793
Net Assets, end of year	\$ 4,689,886	\$ 4,762	\$ 4,694,648

See accompanying notes to the financial statements.

New Visions Charter High School for the Humanities

Statement of Activities

<i>Year ended June 30, 2022</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
State and local per pupil operating revenue	\$ 9,788,470	\$ -	\$ 9,788,470
Government grants and contracts	1,988,389	-	1,988,389
Contributions and other income	115,637	-	115,637
Interest Income	3,023	-	3,023
Net assets released from restrictions	300	(300)	-
Total Revenue and Support	11,895,819	(300)	11,895,519
Expenses			
Program services:			
General education	7,600,330	-	7,600,330
Special education	2,698,028	-	2,698,028
Total Program Services	10,298,358	-	10,298,358
Supporting services:			
Management and general	1,312,151	-	1,312,151
Total Expenses	11,610,509	-	11,610,509
Change in Net Assets	285,310	(300)	285,010
Net Assets, beginning of year	5,604,489	7,294	5,611,783
Net Assets, end of year	\$ 5,889,799	\$ 6,994	\$ 5,896,793

See accompanying notes to the financial statements.

New Visions Charter High School for the Humanities

Statement of Functional Expenses

Year ended June 30, 2023

	No. of Positions	Program Services			Supporting Services	Total
		General Education	Special Education	Total Program Services	Management and General	
Personnel Service Costs						
Administrative staff personnel	28	\$ 1,200,826	\$ 215,457	\$ 1,416,283	\$ 1,080,230	\$ 2,496,513
Instructional personnel	52	3,155,533	1,484,197	4,639,730	-	4,639,730
Total Salaries and Staff	80	4,356,359	1,699,654	6,056,013	1,080,230	7,136,243
Fringe benefits and payroll taxes		878,264	355,039	1,233,303	225,817	1,459,120
Retirement		324,119	126,457	450,576	80,371	530,947
Management company fee		705,214	122,770	827,984	145,419	973,403
Legal services		16,162	2,671	18,833	875	19,708
Accounting and audit services		-	-	-	34,039	34,039
Other purchases of professional and consulting services		360,435	59,146	419,581	88,100	507,681
Repairs and maintenance		149,908	24,577	174,485	104,657	279,142
Insurance		62,152	10,820	72,972	12,816	85,788
Utilities		51,342	10,087	61,429	10,129	71,558
Instructional supplies and materials		85,805	17,058	102,863	-	102,863
Equipment and furnishings		41,456	7,464	48,920	7,396	56,316
Staff development		16,182	3,344	19,526	1,738	21,264
Marketing and recruitment		5,359	1,919	7,278	79	7,357
Technology		201,954	36,059	238,013	35,999	274,012
Food service		97,893	18,426	116,319	10,927	127,246
Student services		280,915	46,602	327,517	-	327,517
Office expense		124,622	21,465	146,087	23,680	169,767
Depreciation		35,118	6,114	41,232	7,242	48,474
Other		17,483	2,996	20,479	5,067	25,546
		\$ 7,810,742	\$ 2,572,668	\$ 10,383,410	\$ 1,874,581	\$ 12,257,991

See accompanying notes to the financial statements.

New Visions Charter High School for the Humanities

Statement of Functional Expenses

Year ended June 30, 2022

	No. of Positions	Program Services			Supporting Services	Total
		General Education	Special Education	Total Program Services	Management and General	
Personnel Service Costs						
Administrative staff personnel	28	\$ 1,133,082	\$ 219,576	\$ 1,352,658	\$ 868,195	\$ 2,220,853
Instructional personnel	53	3,100,337	1,576,376	4,676,713	-	4,676,713
Total Salaries and Staff	81	4,233,419	1,795,952	6,029,371	868,195	6,897,566
Fringe benefits and payroll taxes		795,116	356,736	1,151,852	164,273	1,316,125
Retirement		288,407	122,352	410,759	59,147	469,906
Management company fee		743,739	137,860	881,599	64,545	946,144
Legal services		5,646	1,046	6,692	471	7,163
Accounting and audit services		-	-	-	28,100	28,100
Other purchases of professional and consulting services		365,347	65,397	430,744	48,853	479,597
Repairs and maintenance		10,372	2,411	12,783	17,113	29,896
Insurance		54,779	10,154	64,933	4,754	69,687
Utilities		38,695	8,347	47,042	5,563	52,605
Instructional supplies and materials		54,195	10,022	64,217	-	64,217
Equipment and furnishings		11,511	2,223	13,734	3,732	17,466
Staff development		29,253	5,565	34,818	2,008	36,826
Marketing and recruitment		13,151	3,467	16,618	285	16,903
Technology		303,724	55,017	358,741	23,254	381,995
Food service		120,138	23,224	143,362	5,089	148,451
Student services		355,193	64,936	420,129	-	420,129
Office expense		122,625	22,774	145,399	11,804	157,203
Depreciation		36,164	6,703	42,867	3,140	46,007
Other		18,856	3,842	22,698	1,825	24,523
		\$ 7,600,330	\$ 2,698,028	\$ 10,298,358	\$ 1,312,151	\$ 11,610,509

See accompanying notes to the financial statements.

New Visions Charter High School for the Humanities

Statements of Cash Flows

<i>Year ended June 30,</i>	2023	2022
Cash Flows from Operating Activities		
Cash received from operating revenue	\$ 10,739,861	\$ 10,942,124
Other cash received	240,255	118,660
Cash paid to employees and suppliers	(12,254,374)	(11,816,810)
Net Cash Used in Operating Activities	(1,274,258)	(756,026)
Cash Flows from Investing Activities		
Purchase of property and equipment	(4,722)	(53,525)
Net Decrease in Cash	(1,278,980)	(809,551)
Cash, Cash Equivalents and Restricted Cash, beginning of year	5,020,078	5,829,629
Cash, Cash Equivalents and Restricted Cash, end of year	\$ 3,741,098	\$ 5,020,078
Reconciliation of Change in Net Assets to Net Cash Used in Operating Activities		
Change in net assets	\$ (1,202,145)	\$ 285,010
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	48,474	46,007
Changes in operating assets and liabilities:		
Grants receivable	(76,289)	(801,940)
Prepaid expenses and other assets	65,080	(71,523)
Due from related entities	(35,333)	(562)
Accounts payable and accrued expenses	(80,304)	(6,526)
Accrued salaries and other payroll related expenses	(20,440)	(142,747)
Due to NYC Department of Education	559	(32,795)
Due to related entities	26,140	(30,950)
Net Cash Used in Operating Activities	\$ (1,274,258)	\$ (756,026)
Supplemental Disclosure of Cash Flow Information		
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 3,662,677	\$ 4,943,514
Restricted cash	78,421	76,564
Cash, Cash Equivalents and Restricted Cash, end of year	\$ 3,741,098	\$ 5,020,078

See accompanying notes to the financial statements.

New Visions Charter High School for the Humanities

Notes to Financial Statements

1. Nature of the Organization

New Visions Charter High School for the Humanities (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 2023 and 2022, the School operated classes for students in ninth through twelfth grade.

There are nine New Visions Charter Schools in New York City, and they are managed by New Visions for Public Schools (NVPS), a not-for-profit organization dedicated to supporting public schools and helping to start and manage charter schools as a Charter Management Organization (CMO). There are no control or common board members between the CMO and New Visions Charter Schools.

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 - This class consists 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.

New Visions Charter High School for the Humanities

Notes to Financial Statements

Net Assets without Donor Restrictions - This class consists 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, 2023 and 2022, net assets with donor restrictions of \$4,762 and \$6,994, respectively, are restricted for a scholarship fund.

Restricted Cash

An escrow account in the amount of \$78,421 and \$76,564 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, 2023 and 2022.

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 \$1,588,982 and \$1,512,693 at June 30, 2023 and 2022, 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, 2023 and 2022. 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.

New Visions Charter High School for the Humanities

Notes to Financial Statements

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 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,

New Visions Charter High School for the Humanities

Notes to Financial Statements

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 Financial Accounting Standards Board (FASB) Accounting Standards Codification *Revenue from Contracts with Customers* (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.

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 as follows:

New Visions Charter High School for the Humanities

Notes to Financial Statements

Asset Category	Useful Life (Years)
Furniture and office equipment	3
Computer equipment	3

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, 2023 and 2022.

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 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.

Income Taxes

The School is exempt from federal, state and local income taxes under Section 501(c)(3) of 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 years ended June 30, 2023 and 2022.

Under U.S. GAAP, an organization must recognize the tax benefit associated 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, 2023, the School was not

New Visions Charter High School for the Humanities

Notes to Financial Statements

subject to any examination by a taxing authority.

Reclassification

Certain amounts in the 2022 financial statements were classified to conform with the 2023 presentation. These reclassifications had no effect on the School's financial position and change in net assets.

Recently Adopted Accounting Pronouncements

Lease Accounting

In February 2016, the FASB issued ASU 2016-02, *Accounting for Leases*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The FASB issued ASU 2020-05, which deferred the effective date for the Organization until annual periods beginning after December 15, 2021. The provisions of ASU 2016-02 were adopted by the School beginning July 1, 2022 following the modified retrospective method of application. The adoption of this accounting guidance did not have a material effect on the School's financial statements.

Recently Issued but not yet Adopted Accounting Pronouncements

Financial Instruments - Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The new credit losses standard changes the impairment model for most financial assets and certain other instruments. For trade and other receivables, contract assets recognized as a result of applying ASC 606, loans and certain other instruments, entities will be required to use new forward looking "expected loss" model that generally will result in earlier recognition of credit losses than under today's incurred loss model. ASU 2016-13 is effective for annual periods beginning after December 15, 2022. The School is currently evaluating the impact of this ASU on its financial statements.

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New Visions Charter High School for the Humanities

Notes to Financial Statements

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:

<i>June 30,</i>	2023	2022
Cash and cash equivalents	\$ 3,662,677	\$ 4,943,514
Restricted cash	78,421	76,564
Grants receivable	1,588,982	1,512,693
Due from related entities	36,492	1,159
Total Financial Assets	5,366,572	6,533,930
Less amounts unavailable for general expenditures within one year due to:		
Restricted by contract	(78,421)	(76,564)
Restricted by donors with purpose restrictions	(4,762)	(6,994)
Total Financial Assets Available to Management for General Expenditures within One Year	\$ 5,283,389	\$ 6,450,372

4. NVPS and Affiliate Charters Transactions

NVPS 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 NVPS dated July 22, 2011, NVPS provides educational management, operational, and fundraising services to the School. As compensation to NVPS for these services rendered, the School paid 9% and 8% of its gross revenue as at June 30, 2023 and June 30, 2022 respectively. 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, 2023 and 2022 amounted to \$276,889 and \$254,631, respectively, which is comprised of management fees is included in due to NVPS and affiliate charters on the statements of financial position. Total management fees incurred by the School for the years ended June 30, 2023 and 2022 totaled \$973,403 and \$946,144, respectively. The balance due from NVPS to the School at June 30, 2023 and 2022 amounted to \$36,492 and \$0, respectively.

For operational efficiency and purchasing power, the School also shares expenses with other charter schools related by common management. At June 30, 2023 and 2022, the balance due to other charter schools was \$3,882 and \$0, respectively, which is included in due to NVPS and affiliate charters on the statements of financial position. At June 30, 2023 and 2022, the balance due from other charter schools was \$0 and \$1,159, respectively.

New Visions Charter High School for the Humanities

Notes to Financial Statements

5. Property and Equipment

Property and equipment consist of the following:

<i>June 30,</i>	2023	2022
Computer equipment	\$ 522,642	\$ 517,921
Furniture and fixtures	49,251	49,251
	571,893	567,172
Less: accumulated depreciation	(532,686)	(484,213)
Property & Equipment, Net	\$ 39,207	\$ 82,959

Depreciation expense amounted to \$48,474 and \$46,007 for the years ended June 30, 2023 and 2022, respectively.

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:

<i>June 30,</i>	2023	2022
ESSER III - ARP	\$ 880,813	\$ 474,174
ESSER II - CRRSA	394,217	453,987
Title I	189,250	203,213
E-Rate Reimbursement	94,198	33,911
Title II	16,468	34,462
Title IV	10,847	15,022
Other	3,189	3,528
Mount Vernon - Per Pupil	-	183,980
ESSER I - CARES	-	60,466
CSP	-	49,950
Grants Receivable, Net	\$ 1,588,982	\$ 1,512,693

7. Pension Plan

The School has adopted the New Visions for Public Schools' pension plan (the Plan) which is qualified under Internal Revenue Code 403(b) for the benefit of its eligible employees. The Plan is an elective contribution plan. Employees are eligible to enroll in the Plan once they have completed at least 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 \$530,947 and \$469,906 net of forfeitures, for the years ended June 30, 2023 and 2022, respectively, and is included in retirement in the statements of functional expenses.

New Visions Charter High School for the Humanities

Notes to Financial Statements

8. Agreement with School Facility

The School shares space with a New York City public school, located at 99 Terrace View Avenue, Bronx, New York 10463. 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 immaterial and, therefore, is not recorded in these financial statements.

9. Risk Management

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to help protect itself from such risks. The School also intends to defend its positions on these matters. As of June 30, 2023, 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 and will record them in the fiscal year they become known.

10. Concentration Risks

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 has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash accounts.

The School received approximately 81% and 82% of its total revenue from per-pupil funding from the NYCDOE for years ended June 30, 2023 and 2022, respectively.

The School's grants receivable consist of two major grantors accounting for approximately 92% and 98% at June 30, 2023 and 2022, respectively.

The School's payables consist of two major vendors accounting for approximately 33% at June 30, 2023 and one major vendor accounting for approximately 21% at June 30, 2022.

New Visions Charter High School for the Humanities

Notes to Financial Statements

11. Subsequent Events

The School's management has performed subsequent event procedures through October 30, 2023, which is the date the financial statements were available to be issued, and there were no subsequent events requiring adjustment to the financial statements or disclosures as stated herein.

Supplementary Information

New Visions Charter High School for the Humanities

Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
United States (U.S) Department of Education				
Pass-through the New York State				
Education Department:				
Title I Grants to Local Education Agencies (Title I Part A of the ESEA)	84.010	Not Applicable	\$ -	\$ 307,733
Supporting Effective Instruction State Grants	84.367	Not Applicable	-	32,571
Student Support and Academic Enrichment Program	84.424	Not Applicable	-	19,645
Special Education Cluster (IDEA): Special Education - Grants to States (IDEA, Part B)	84.027	Not Applicable	-	116,709
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Not Applicable	-	394,217
American Rescue Plan - Elementary And Secondary School Emergency Relief (ARP ESSER)	84.425U	Not Applicable	-	880,813
Total U.S. Department of Education			-	1,751,688
Total Expenditures of Federal Awards			\$ -	\$ 1,751,688

The accompanying notes are an integral part of this schedule.

New Visions Charter High School for the Humanities

Notes to the Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of New Visions Charter High School for the Humanities (the School) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement.

3. Indirect Cost Rate

The School has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

4. Reconciliation of Schedule of Expenditures of Federal Awards to the Statements of Activities

Expenditures of federal awards are reported on the statements of activities as operating expenses. In certain programs, the expenditures reported in the financial statements differ from the expenditures reported in the schedule of expenditures of federal awards. The Schedule includes expenses in the amount of \$34,125 and \$39,554 within Federal Assistance Listing Numbers 84.425D and 84.425U, respectively, which were incurred eligible expenses in a prior fiscal year and approved by New York State Education Department in fiscal year 2023. Therefore, based on New York State criteria it is appropriate to include these costs in the current year Schedule.



Tel: 212-371-4446
Fax: 212-371-9374
www.bdo.com

622 Third Ave, Suite 3100
New York, NY 10017

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*

The Board of Trustees
New Visions Charter High School for the Humanities
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 the Humanities (the School), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 30, 2023.

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

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



Report on 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, P.C.

October 30, 2023



Tel: 212-371-4446
Fax: 212-371-9374
www.bdo.com

622 Third Ave, Suite 3100
New York, NY 10017

Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Trustees
New Visions Charter High School for the Humanities
New York, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited New Visions Charter High School for the Humanities (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

BDO USA, P.C.

October 30, 2023

New Visions Charter High School for the Humanities

Schedule of Findings and Questioned Costs Year Ended June 30, 2023

Section I. Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?

☐ Yes

☒ No

- Significant deficiency(ies) identified?

☐ Yes

☒ None reported

Noncompliance material to financial statements noted?

☐ Yes

☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?

☐ Yes

☒ No

- Significant deficiency(ies) identified?

☐ Yes

☒ None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes

☒ No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425D	Elementary and Secondary School Emergency Relief (ESSER) Fund
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ Yes

☐ No

Section II. 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.

Section III. Federal Award Findings and Questioned Costs

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.