

NEW VISIONS FOR PUBLIC SCHOOLS

Financial Statements

and

Supplementary Information

June 30, 2011

NEW VISIONS FOR PUBLIC SCHOOLS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Visions for Public Schools

We have audited the accompanying statement of financial position of New Visions for Public Schools as of June 30, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Visions for Public Schools as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ Mayer Hoffman McCann CPAs

New York, New York
October 7, 2011

NEW VISIONS FOR PUBLIC SCHOOLS
Statement of Financial Position
June 30, 2011

ASSETS

Cash and cash equivalents	\$ 11,305,312
Cash held for others (Note 3)	111,132
Investments - at fair value (Note 5)	16,220,864
Grants receivable, net (Notes 4 and 6)	10,997,827
Prepaid expenses and other assets	385,846
Property and equipment, net (Note 7)	<u>1,035,152</u>
	<u>\$ 40,056,133</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses (Note 12)	\$ 1,675,261
Grants payable, net (Note 8)	1,774,795
Due to others (Note 3)	<u>111,132</u>
	3,561,188
Commitments and contingencies (Notes 9 and 12)	
Net assets:	
Unrestricted	19,483,119
Temporarily restricted (Note 11)	<u>17,011,826</u>
Total net assets	<u>36,494,945</u>
	<u>\$ 40,056,133</u>

See accompanying notes.

NEW VISIONS FOR PUBLIC SCHOOLS
Statement of Activities
For the Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Public support and revenue:			
Contributions and grants (Note 4)	\$ 959,098	\$ 13,853,605	\$ 14,812,703
Donated goods and services (Note 10)	200,234	325,330	525,564
Government grants	-	4,831,855	4,831,855
Investment return (Note 5)	2,988,941	2,190	2,991,131
Other income (Note 2)	6,150	-	6,150
Net assets released from restrictions	16,765,098	(16,765,098)	-
Total public support and revenue	<u>20,919,521</u>	<u>2,247,882</u>	<u>23,167,403</u>
Expenses:			
Program services:			
School creation	2,183,785	-	2,183,785
School support	8,045,856	-	8,045,856
Teaching and leadership development	4,696,640	-	4,696,640
Policy, research and innovation	987,759	-	987,759
	<u>15,914,040</u>	<u>-</u>	<u>15,914,040</u>
Supporting services:			
Management and general services	1,392,855	-	1,392,855
Fundraising	687,099	-	687,099
	<u>2,079,954</u>	<u>-</u>	<u>2,079,954</u>
Total expenses	<u>17,993,994</u>	<u>-</u>	<u>17,993,994</u>
Change in net assets	2,925,527	2,247,882	5,173,409
Net assets, beginning of year	<u>16,557,592</u>	<u>14,763,944</u>	<u>31,321,536</u>
Net assets, end of year	<u>\$ 19,483,119</u>	<u>\$ 17,011,826</u>	<u>\$ 36,494,945</u>

See accompanying notes.

NEW VISIONS FOR PUBLIC SCHOOLS
Statement of Cash Flows
For the Year Ended June 30, 2011

Cash flows from operating activities:	
Change in net assets	\$ 5,173,409
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	186,395
Investment gains, realized and unrealized	(2,662,687)
Change in assets and liabilities:	
Cash held for others	21,633
Grants receivable	1,394,069
Prepaid expenses and other assets	(17,391)
Accounts payable and accrued expenses	400,911
Grants payable	(743,766)
Due to others	(21,636)
Net cash provided by operating activities	<u>3,730,937</u>
Cash flows from investing activities:	
Purchase of property and equipment	(18,710)
Proceeds from sale of investments	7,824,042
Purchases of investments	(8,058,639)
Net cash used in investing activities	<u>(253,307)</u>
Net increase in cash and cash equivalents	3,477,630
Cash and cash equivalents, beginning of year	<u>7,827,682</u>
Cash and cash equivalents, end of year	<u>\$ 11,305,312</u>

See accompanying notes.

NEW VISIONS FOR PUBLIC SCHOOLS
Notes to Financial Statements

Note 1 - The Organization

New Visions for Public Schools ("New Visions" or the "Organization") works to revitalize and improve New York City's public schools. New Visions commenced operations as the Fund for New York City Public Education on January 2, 1989, and was incorporated in October 1989, pursuant to the provisions of the Not-for-Profit Corporation Law of the State of New York. Prior to incorporation, New Visions, as the Fund for New York City Public Education, operated as an affiliate of Community Fund, Inc. and The New York Community Trust. Effective August 1, 1996, the Fund for New York City Public Education changed its name to New Visions for Public Schools.

New Visions is the largest education reform organization dedicated to improving the quality of education children receive in New York City's public schools. Working with the public and private sectors, New Visions develops programs and policies to energize teaching and learning and to raise the level of student achievement. New Visions plays many roles: broker, convener, facilitator, incubator, advocate for policy changes and resource provider. As of July 1, 2007, New Visions has served as a Partner Support Organization, and is currently responsible for over 35,000 students in 76 public schools. The goal of New Visions is to ensure that all students have access to effective schools that enable them to graduate from high school fully prepared for college and career.

New Visions is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of New Visions have been prepared on the accrual basis of accounting.

Basis of Presentation

Financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, "Not-for-Profit Entities." Under Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, the net assets of New Visions and changes therein are classified and reported as follows:

Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

NEW VISIONS FOR PUBLIC SCHOOLS
Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Temporarily Restricted Net Assets

Net assets subject to donor-imposed stipulations that may or will be met either by actions of New Visions and/or the passage of time.

Permanently Restricted Net Assets

Permanently restricted net assets is the class of net assets that is subject to donor-imposed stipulations that they be maintained permanently by an organization. As of June 30, 2011, New Visions does not have any permanently restricted net assets.

Revenue and Expenses

Revenue is reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. New Visions reports donor-restricted contributions where restrictions are met in the same reporting period as changes in unrestricted net assets. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions

Contributions, which include unconditional promises to give (pledges), are recognized as revenue in the period received. New Visions considers all contributions available for unrestricted use, unless specifically restricted by the donor or due in future periods, in which case they are recorded as temporarily restricted.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

NEW VISIONS FOR PUBLIC SCHOOLS
Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Cash Equivalents

New Visions considers highly liquid investments with original maturities of three months or less to be cash equivalents.

Investments

Investments are reported at fair value. Realized and unrealized gains and losses are included in the statement of activities.

Property and Equipment

Property and equipment is stated at cost or fair market value at the date of purchase or gift, respectively. Depreciation of property and equipment is provided on a straight-line basis over estimated useful lives of three to five years. Leasehold improvements are amortized over the term of the lease or their estimated useful lives, whichever is shorter. Upon sale or retirement of property and equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

Conditional Grants and Advances

New Visions receives conditional grants and advances for program services for which revenue is recognized when the program condition is met.

Agency Fee Income

New Visions receives administrative fees ranging from 3% to 6% to act as a fiscal intermediary for third parties. These fees are included in other income on the statement of activities and amounted to approximately \$6,000 for the year ended June 30, 2011.

Expenses

New Visions recognizes grant expense when grants are approved and notification has been given to the grantee. Expenses not identifiable to specific programs are allocated to the various program services based on estimated time spent on programs.

NEW VISIONS FOR PUBLIC SCHOOLS
Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

Fair Value Measurements

ASC Topic 820, "Fair Value Measurements and Disclosures," defines fair value, establishes a fair value hierarchy and specifies that a valuation technique used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under ASC Topic 820 are described below:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that New Visions has the ability to access at the measurement date.
- Level 2 - Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability.
- Level 3 - Significant unobservable prices or inputs (including New Vision's own assumptions in determining the fair value of investments) where there is little or no market activity for the asset or liability at the measurement date.

As required by ASC Topic 820, investments are classified within the level of the lowest significant input considered in determining fair value. The fair value measurement of investments classified within Level 3 can be derived from several inputs and may also include Level 1 or Level 2 inputs as components of the overall fair value measurement.

NEW VISIONS FOR PUBLIC SCHOOLS
Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair Value Measurements (Continued)

The following is a summary of the inputs used as of June 30, 2011 in valuing the investments carried at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments	\$ 16,152,368	\$ -	\$ -	\$ 16,152,368
Deferred compensation funds	<u>68,496</u>	<u>-</u>	<u>-</u>	<u>68,496</u>
Total	<u>\$ 16,220,864</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,220,864</u>

Note 3 - Cash Held for Others and Due to Others

New Visions acts as fiscal agent for other entities. As of June 30, 2011, the amount of funds held by New Visions for other parties was approximately \$111,000.

Note 4 - Concentration of Credit Risk and Major Grantor or Contributor

Cash and Cash Equivalents

As of June 30, 2011, New Visions maintains cash balances at a bank, which are insured by the Federal Deposit Insurance Corporation with no limit or a limit of up to \$250,000, depending on the type of account. New Visions also maintains cash balances at a brokerage firm, which at June 30, 2011, are insured by the Securities Investor Protection Corporation up to \$100,000.

Major Grantor or Contributor

During the year ended June 30, 2011, one foundation and one government grantor accounted for approximately 58% of total contributions and grants. These grantors accounted for approximately 37% of the Organization's outstanding grants receivable at June 30, 2011.

Note 5 - Investments

Investments are comprised of the following at June 30, 2011:

Equity security holdings	\$ 8,364,870
Fixed income funds	3,572,900
Mutual fund	<u>4,283,094</u>
	<u>\$ 16,220,864</u>

NEW VISIONS FOR PUBLIC SCHOOLS
Notes to Financial Statements

Note 5 - Investments (Continued)

For the year ended June 30, 2011, investment return consisted of the following:

Interest and dividend income	\$ 328,444
Realized gains, net	33,273
Unrealized gains, net	<u>2,629,414</u>
	<u>\$ 2,991,131</u>

Note 6 - Grants Receivable

As of June 30, 2011, New Visions has unconditional grants receivable as follows:

Due within 1 year	\$ 8,392,704
Due years 2 through 5	<u>2,667,407</u>
	11,060,111
Present value discount (at rates varying from 0.81% to 5.11%)	<u>(62,284)</u>
Grants receivable, net	<u>\$ 10,997,827</u>

Note 7 - Property and Equipment

At June 30, 2011, property and equipment consists of:

Computer equipment	\$ 42,674
Furniture and fixtures	170,132
Leasehold improvements	<u>1,617,265</u>
	1,830,071
Less: Accumulated depreciation and amortization	<u>794,919</u>
	<u>\$ 1,035,152</u>

NEW VISIONS FOR PUBLIC SCHOOLS
Notes to Financial Statements

Note 8 - Grants Payable

As of June 30, 2011, New Visions has recorded grants payable as follows:

Payable within 1 year	\$ 1,217,858
Payable years 2 through 4	<u>565,868</u>
	1,783,726
Present value discount (at rates varying from .81% to 1.64%)	<u>(8,931)</u>
Grants payable, net	<u>\$ 1,774,795</u>

Note 9 - Retirement Plan

New Visions has a tax-deferred annuity retirement plan under Internal Revenue Code Section 403(b) for its employees. Under this noncontributory plan, employees become eligible for employer contributions after completing two years of service. New Visions contributes, subject to Internal Revenue Service maximum limitations, an amount equal to 8% of employee compensation. New Visions' contribution expense for the year ended June 30, 2011 was approximately \$407,000.

New Visions established a tax deferred annuity retirement plan under Internal Revenue Code Section 457 for its employees on January 1, 2003. New Visions does not make contributions under this plan.

Note 10 - Donated Goods and Services

New Visions receives donated books, printing and stationery from various publishers and stationery companies as well as donated legal services from an entity whose board member is also the chairman of the board for New Visions. For the year ended June 30, 2011, donated items and services were valued at \$325,330 to be used for its programs and \$200,234 to be used for general operating purposes.

NEW VISIONS FOR PUBLIC SCHOOLS
Notes to Financial Statements

Note 11 - Temporarily Restricted Net Assets

Temporarily restricted net assets at June 30, 2011 consisted of the following:

Program services:	
School creation	\$ 5,555,050
School support	4,124,270
Teaching and leadership development	3,936,827
Policy, research and innovation	<u>3,245,679</u>
	16,861,826
Management and general services	<u>150,000</u>
	<u>\$ 17,011,826</u>

Note 12 - Commitments and Contingencies

Operating Leases

The Organization leases office facilities under non-cancellable operating leases expiring through January 2019. Minimum aggregate annual lease payments are approximately as follows:

Year Ending	
<u>June 30,</u>	
2012	\$ 628,000
2013	640,000
2014	671,000
2015	709,000
2016	723,000
Thereafter	<u>1,933,000</u>
	<u>\$ 5,304,000</u>

Rent expense, including escalation costs, charged to operations for the year ended June 30, 2011 amounted to approximately \$667,000.

NEW VISIONS FOR PUBLIC SCHOOLS
Notes to Financial Statements

Note 12 - Commitments and Contingencies (Continued)

Litigation

New Visions is a party to litigation in the normal course of its activities. New Visions intends to vigorously pursue and defend its position in these matters. In the opinion of management, the outcome of such legal proceedings is not expected to have a material effect on New Vision's financial position, results of operations or cash flows.

Deferred Compensation

During the year ended June 30, 2008, the Organization established a deferred compensation arrangement for the benefit of its President, requiring annual accruals at percentages of the officer's compensation as called for under the terms of the contract. At June 30, 2011, approximately \$302,000 is included in accounts payable and accrued expenses. The agreement contains, among other things, provisions for vesting and termination.

Note 13 - Subsequent Events

The Organization has evaluated subsequent events through October 7, 2011, the date the financial statements were available to be issued, and has concluded that no such events or transactions took place which would require disclosure herein.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT
ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
New Visions for Public Schools

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as of and for the year ended June 30, 2011 taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Organization. Such information for the year ended June 30, 2011 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, when considered in relation to the basic financial statements taken as a whole.

/s/ Mayer Hoffman McCann CPAs

New York, New York
October 7, 2011

NEW VISIONS FOR PUBLIC SCHOOLS
(Supplementary Information)
Schedule of Functional Expenses
For the Year Ended June 30, 2011

	Program Services				Supporting Services			Total Expenses	
	School Creation	School Support	Teaching and Leadership Development	Policy, Research and Innovation	Total Program Services	Management and General Services	Fundraising		Total Supporting Services
Salaries and related expenses:									
Salaries	\$ 829,969	\$ 3,924,024	\$ 1,144,662	\$ 459,075	\$ 6,357,730	\$ 866,310	\$ 372,873	\$ 1,239,183	\$ 7,596,913
Employee retirement and health benefits	123,000	716,234	210,935	126,594	1,176,763	210,503	87,340	297,843	1,474,606
Payroll taxes	54,447	306,567	94,004	51,007	506,025	78,241	35,922	114,163	620,188
Total salaries and related expenses	1,007,416	4,946,825	1,449,601	636,676	8,040,518	1,155,054	496,135	1,651,189	9,691,707
Other expenses:									
Grants	320,081	700,473	1,940,706	-	2,961,260	-	-	-	2,961,260
Consulting and professional fees	651,982	1,230,730	1,028,611	65,157	2,976,480	8,992	100,174	109,166	3,085,646
Occupancy costs	80,234	509,793	123,727	69,234	782,988	101,233	48,012	149,245	932,233
Printing and stationery	9,311	58,806	1,054	-	69,171	37,325	-	37,325	106,496
Supplies	20,250	99,315	20,910	161,146	301,621	13,309	16,654	29,963	331,584
Travel and conferences	32,360	322,391	44,460	29,558	428,769	21,380	6,586	27,966	456,735
Postage and shipping	8,960	9,402	1,368	566	20,296	606	2,508	3,114	23,410
Communication	7,157	34,996	10,489	2,749	55,391	5,762	1,349	7,111	62,502
Equipment rental and maintenance	3,548	15,436	3,316	1,848	24,148	2,831	1,254	4,085	28,233
Insurance	2,135	15,002	3,648	2,004	22,789	2,986	1,370	4,356	27,145
Miscellaneous	19,113	23,325	20,918	1,086	64,442	29,831	6,375	36,206	100,648
Total other expenses	1,155,131	3,019,669	3,199,207	333,348	7,707,355	224,255	184,282	408,537	8,115,892
Total expenses before depreciation	2,162,547	7,966,494	4,648,808	970,024	15,747,873	1,379,309	680,417	2,059,726	17,807,599
Depreciation	21,238	79,362	47,832	17,735	166,167	13,546	6,682	20,228	186,395
Total expenses	<u>\$ 2,183,785</u>	<u>\$ 8,045,856</u>	<u>\$ 4,696,640</u>	<u>\$ 987,759</u>	<u>\$ 15,914,040</u>	<u>\$ 1,392,855</u>	<u>\$ 687,099</u>	<u>\$ 2,079,954</u>	<u>\$ 17,993,994</u>

See independent auditor's report on the supplementary information.