NEW VISIONS FOR PUBLIC SCHOOLS, INC.

Financial Statements

June 30, 2020

NEW VISIONS FOR PUBLIC SCHOOLS, INC.

Index

Mayer Hoffman McCann CPAs
The New York Practice of Mayer Hoffman McCann P.C.
An Independent CPA Firm

5 Bryant Park at 1065 Avenue of the Americas ■ New York, NY 10018
Phone: 212.790.5700 ■ Fax: 212.790.5905 ■ www.mhmcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Visions for Public Schools, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of New Visions for Public Schools, Inc., a nonprofit organization, which comprise the statement of financial position as of June 30, 2020, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entity'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 entity'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 for Public Schools, Inc. as of June 30, 2020, 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.

Mayer Hoffman McCann CPAs

New York, New York
December 15, 2020

NEW VISIONS FOR PUBLIC SCHOOLS, INC.
Statement of Financial Position
June 30, 2020

ASSETS

Cash and cash equivalents	$ 9,577,190
Cash held for others (Note 2)	740,166
Investments - at fair value (Notes 4 and 5)	33,662,535
Grants receivable, net (Notes 6 and 7)	14,258,798
Other receivables (Notes 8 and 16)	1,484,007
Prepaid expenses and other assets	16,717
Capital lease asset, net (Notes 9 and 18)	4,960,808
Property and equipment, net (Note 9)	4,778,448
	$ 69,478,669

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	$ 456,467
Accrued salary and related expenses (Notes 2 and 18)	1,239,356
Grants payable, net (Note 10)	585,322
Deferred rent (Note 18)	2,504,894
PPP loan payable (Note 14)	1,723,621
Capital lease obligation (Note 18)	6,674,836
Agency funds held for others (Note 2)	740,166
	13,924,662
Commitments and contingencies (Notes 12 and 18)	
Net assets:	
Without donor restrictions	44,575,364
With donor restrictions (Note 15)	10,978,643
Total net assets	55,554,007
	$ 69,478,669

See accompanying notes.

NEW VISIONS FOR PUBLIC SCHOOLS, INC.
Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Public support and revenue:			
Contributions and grants (Note 6)	$ 2,134,213	$ 2,904,617	$ 5,038,830
Contributed investments, materials and services (Note 13)	473,152	5,321	478,473
Government grants (Note 6)	9,816,967	929,218	10,746,185
Investment return (Note 4)	1,264,403	-	1,264,403
Other income (Note 2)	32,932	-	32,932
Management fee income (Note 16)	5,903,796	-	5,903,796
PPP loan forgiveness - grant (Note 14)	1,723,621	-	1,723,621
Net assets released from restrictions	10,233,124	(10,233,124)	-
Total public support and revenue	31,582,208	(6,393,968)	25,188,240
Expenses:			
Program services:			
School support	12,559,158	-	12,559,158
Curriculum and instruction	4,930,943	-	4,930,943
Systems and data	5,700,185	-	5,700,185
	23,190,286	-	23,190,286
Supporting services:			
Management and general	3,589,921	-	3,589,921
Fundraising	588,863	-	588,863
	4,178,784	-	4,178,784
Total expenses	27,369,070	-	27,369,070
Change in net assets	4,213,138	(6,393,968)	(2,180,830)
Net assets, beginning of year	40,362,226	17,372,611	57,734,837
Net assets, end of year	$ 44,575,364	$ 10,978,643	$ 55,554,007

See accompanying notes.

NEW VISIONS FOR PUBLIC SCHOOLS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services				Supporting Services			
	School Support	**Curriculum and Instruction**	**Systems and Data**	**Total Program Services**	**Management and General**	**Fundraising**	**Total Supporting Services**	**Total Expenses**
Salaries and related expenses:								
Salaries	$ 7,541,885	$ 2,827,149	$ 3,758,123	$ 14,127,157	$ 2,431,601	$ 424,288	$ 2,855,889	$ 16,983,046
Employee retirement and health benefits	1,253,967	432,178	569,474	2,255,619	363,924	44,924	408,848	2,664,467
Payroll taxes	580,970	214,671	283,267	1,078,908	178,180	29,149	207,329	1,286,237
Total salaries and related expenses	9,376,822	3,473,998	4,610,864	17,461,684	2,973,705	498,361	3,472,066	20,933,750
Other expenses:								
Grants	592,917	453,590	-	1,046,507	-	-	-	1,046,507
Consulting and professional fees	844,106	381,479	51,730	1,277,315	79,201	1,356	80,557	1,357,872
Occupancy costs	447,674	149,526	232,307	829,507	155,010	20,772	175,782	1,005,289
Printing and stationery	37,821	3,113	2,627	43,561	1,653	120	1,773	45,334
Supplies	324,796	80,723	472,110	877,629	98,425	26,455	124,880	1,002,509
Travel and conferences	214,698	147,451	34,366	396,515	58,059	3,627	61,686	458,201
Postage and shipping	19,061	4,642	2,872	26,575	2,742	1,806	4,548	31,123
Telecommunication	49,101	23,323	12,010	84,434	16,637	1,352	17,989	102,423
Equipment rental and maintenance	29,633	10,716	15,368	55,717	10,260	1,378	11,638	67,355
Insurance	33,717	10,822	16,748	61,287	11,795	1,716	13,511	74,798
Miscellaneous	328,042	99,944	118,446	546,432	96,570	19,500	116,070	662,502
Total other expenses	2,921,566	1,365,329	958,584	5,245,479	530,352	78,082	608,434	5,853,913
Total expenses before depreciation and amortization	12,298,388	4,839,327	5,569,448	22,707,163	3,504,057	576,443	4,080,500	26,787,663
Depreciation and amortization	260,770	91,616	130,737	483,123	85,864	12,420	98,284	581,407
Total expenses	$ 12,559,158	$ 4,930,943	$ 5,700,185	$ 23,190,286	$ 3,589,921	$ 588,863	$ 4,178,784	$ 27,369,070

See accompanying notes.

NEW VISIONS FOR PUBLIC SCHOOLS, INC.

Statement of Cash Flows

For the Year Ended June 30, 2020

Cash flows from operating activities:	
Change in net assets	$ (2,180,830)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation and amortization	581,407
Donated investments	(473,152)
Interest accrued on capital lease obligation	491,016
Deferred rent	(111,518)
Investment gains, realized and unrealized, net	(552,798)
PPP loan forgiveness	(1,723,621)
Change in assets and liabilities:	
Cash held for others	(273,401)
Grants receivable	2,981,490
Due to/from related parties	(201,748)
Prepaid expenses and other assets	80,990
Accounts payable and accrued expenses	80,204
Accrued salary and related expenses	441,623
Grants payable, net	(1,029,861)
Agency funds held for others	273,401
Net cash used in operating activities	(1,616,798)
Cash flows from investing activities:	
Proceeds from sale of investments	3,771,961
Purchases of investments	(5,395,731)
Net cash used in investing activities	(1,623,770)
Cash flows from financing activities:	
Payment of capital lease obligation	(328,729)
Proceeds from PPP loan	3,447,242
Net cash provided by financing activities	3,118,513
Net decrease in cash and cash equivalents	(122,055)
Cash and cash equivalents, beginning of year	9,699,245
Cash and cash equivalents, end of year	$ 9,577,190

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for:	
Interest	$ 491,016

See accompanying notes.

Note 1 - Nature of Activities

New Visions for Public Schools, Inc. ("New Visions" or the "Organization") is one of the largest non-profit organizations solely dedicated to improving public education in New York City. For nearly thirty years, New Visions has partnered with students, parents, communities and the Department of Education to pursue its mission of ensuring that all New York City public school students, regardless of race or economic class, have access to a high-quality education that prepares them for college, the workforce and full participation in society. 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. Effective August 1, 1996, the Fund for New York City Public Education changed its name to New Visions for Public Schools, Inc.

New Visions has pioneered the model of small high schools in New York City, creating nearly 140 new district high schools and eight charter high schools; established a nationally-recognized Urban Teacher Residency program to train new teachers; produced free curriculum used by thousands of teachers across New York State; and built a comprehensive suite of school management tools that are helping to establish common ways of supporting student progress to graduation. Since July 2007, New Visions has served as a lead partner to a network of NYC Department of Education (NYCDOE) public high schools. As of June 30, 2020, the Organization worked directly with 71 NYCDOE schools serving over 41,000 students. As of June 30, 2020, New Visions had educational services agreements with ten public charter high schools to provide academic, business and administrative services. These ten schools include New Visions AIM Charter High School I and II, formerly operating under the names ROADS Charter School I and II, which are transfer high schools.

Program Descriptions

School Support works with 872 schools in all five boroughs of New York City, serving over 490,000 students. In addition to functioning as a Charter Management Organization (CMO) for its ten Charter High Schools, the Organization supports schools through its Affinity Group, Community School and Urban Assembly partnerships. New Visions provides direct, one-to-one support to its Charter and Affinity schools through two core strategies, Continuous Improvement Coaching (CIC) and Strategic Data Check-Ins (SDCs). The Organization also makes leadership, special education and multilingual learner supports available to its Charter Schools and Affinity network, and provides additional support on compliance and literacy interventions for its Charter Schools. Through the NYCDOE's Community School program, the Organization partners with 486 elementary, middle and high schools to provide access to data tools and support through the SDC process.

Note 1 - Nature of Activities (Continued)

Program Descriptions (Continued)

The Curriculum & Instruction (C&I) Department supports the growth of teachers, administrators, counselors and librarians at various stages throughout their careers. New Visions is committed to providing teachers, counselors and librarians with the tools and skills necessary to do their jobs as effectively as possible. The Teacher Residency program inducts pre-service teachers into the teaching profession using a clinical approach to preparation, while the C&I department focuses on supporting in-service teachers to develop their content and pedagogical knowledge. The MicroCert program seeks to extend teachers' knowledge and skills beyond their regular classroom instruction. The Organization also supports school librarians through the Astor Campus Librarian Network (CLN) Program, and college counselors through the work of the College & Career Readiness unit.

Systems and Data Analytics (sysDaar) builds school management tools that provide actionable information and insights that help school staff make plans for student success, track the implementation of those plans and provide targeted support when students need it. The Organization works to empower those closest to students - especially principals, teachers and counselors - to be data-driven decision makers and powerful actors in improving student outcomes. The Organization additionally works with the NYCDOE to develop district-level tools that help central office staff, superintendents and other key leaders within the district understand patterns of performance in schools they oversee and provide support where needed.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Organization prepares its financial statements on the accrual basis.

Basis of Presentation

Financial statement presentation follows the provisions included in Financial Accounting Standards Board ("FASB") Accounting Standards Codification for "Not-For-Profit Entities," which constitutes generally accepted accounting principles in the United States of America ("GAAP") for non-profit entities such as the Organization. GAAP requires the Organization to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. It requires that the amounts for both of the classes of net assets be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

Note 2 - Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

These two classes are defined as follows:

> *Net Assets With Donor Restrictions* - Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations end or are fulfilled, such net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as changes in net assets. In addition, some donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.
>
> *Net Assets Without Donor Restrictions* - Net assets available for general use and not subject to donor restrictions.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank checking accounts and cash equivalents. This may include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Investments

Investments in marketable securities are stated at fair value. New Visions' marketable securities consist entirely of exchange traded funds ("ETFs") and mutual funds. All gains and investment income arising from investments in marketable securities are unrestricted.

ETFs are valued at the last quoted market price on the last business day of New Visions' fiscal year and shares of mutual funds are valued at the daily closing price reported by the fund on the last business day of the fiscal year. Mutual funds held by New Visions are open ended mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by New Visions are deemed to be actively traded. All realized and unrealized gains and losses are included in the statement of activities. Investments in marketable securities that are donated are recorded at fair value on the date of donation.

Note 2 - Summary of Significant Accounting Policies (Continued)

Revenue and Support Recognition

Contributions and grants received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Accordingly, expenses incurred related to the restriction are reported as decreases in net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises and grants receivable. The allowance is based on prior years' experience and management's analysis of specific promises made and grants approved. At June 30, 2020, no allowance has been recognized based on management's determination.

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

The Organization earns management fees from ten charter schools that it manages. The fees are equal to the percentage of the schools' revenue (see Note 16).

The Organization receives an administrative fee ranging from 3% to 5% to act as a fiscal intermediary for third parties. This fee is included in other income on the statement of activities.

Other Receivables

Management periodically reviews other receivables for uncollectible accounts and uses the direct write-off method to specifically identify and write off any accounts determined to be uncollectible when a realistic probability of collection does not exist, which does not differ materially from GAAP because of the insignificance of doubtful accounts in the Organization's financial statements.

Note 2 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

Items capitalized as property and equipment are reported at cost or, if donated, at the approximate fair value at the date of donation. The Organization uses a capitalization policy of $3,000 or greater, depending on the type of asset. Depreciation is computed on a straight-line basis over the estimated service lives of the assets. Repairs and maintenance that do not improve or extend the lives of the property and equipment are charged to expense as incurred.

Agency Funds Held for Others

The Organization acts as fiscal agent for other entities. As a fiscal agent, the Organization holds cash on behalf of other entities, which is reported as a liability on the statement of financial position. As of June 30, 2020, the amount of funds held by New Visions for other parties was approximately $740,000.

Functional Allocation of Expenses

The costs of providing the programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are allocated to program and supporting services based on the proportionate share of expenses, which is measured by time and level of effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

The Organization recognizes grant expense when grants are approved and notification has been given to the grantee.

Use of Estimates

The preparation of financial statements in conformity with 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and New York State Not-for-Profit Corporation law, respectively, and qualifies for the charitable contribution deduction.

The Organization accounts for uncertainty in income taxes using a recognition threshold of more likely than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management has determined that there were no tax uncertainties that met the recognition threshold at the statement of financial position date and no interest and penalties related to unrecognized tax benefits have been recognized in the Organization's financial statements.

The Organization timely files federal Form 990 annually and New York State annual reports as required. The Organization's filing years prior to June 30, 2017 are no longer subject to examination. No returns or registrations are presently under examination by the relevant authorities.

Fair Value Measurements

The provisions included in GAAP concerning "Fair Value Measurements and Disclosures" define fair value, establish a framework for measuring fair value and expand disclosures about fair value measurements. These provisions apply to the Organization's investments, which are presented at fair value.

Compensated Absences

The Organization allows for the carryover of unused paid time off (PTO) beyond the calendar year. At June 30, 2020, employees can carry over up to seven unused PTO days from one year to the next and are limited to twenty-one PTO days accrued at fiscal year-end. Approximately $869,000 of PTO days was accrued at June 30, 2020 and is included in accrued salary and related expenses in the accompanying statement of financial position.

Note 2 - Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Standards

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* that will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances.

Additionally, the guidance requires disclosures related to the nature, amount, timing and uncertainty of revenue that is recognized. The amendments are required to be adopted for the Organization's June 30, 2021 financial statements. Early adoption is permitted. Transition to the new guidance may be done using either a full or modified retrospective method. The Organization is currently evaluating the full effect that the adoption of this standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958) - Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The amendments in ASU 2018-08 are provided to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization adopted the provisions of ASU 2018-08 for transactions in which it serves as the resource recipient as of July 1, 2019. Adoption did not have a material impact on the Organization's financial statements. The Organization is to apply the amendments related to transactions in which it serves as the resource provider to annual periods beginning after December 15, 2019. The amendments can be applied on a modified prospective basis or retrospectively. The Organization has yet to choose an implementation method and has yet to determine the impact that these amendments may have on its financial statements.

Note 3 - Liquidity Management and Availability of Resources

The Organization consistently monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Excess operating cash is kept in interest-bearing bank accounts, and additional reserves are invested in short-term and long-term investments, including mutual funds and ETFs. For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to its ongoing activities of school support, curriculum, systems and data analytics, as well as services undertaken to support those activities, to be general expenditures.

As of June 30, 2020, the Organization holds the following financial assets, which could be made readily available within one year of the balance sheet date to meet general expenditures:

Financial assets:	
Cash and cash equivalents	$ 9,577,190
Cash held for others	740,166
Investments - at fair value	33,662,535
Grants receivable in less than one year	9,411,052
Other receivables	1,484,007
Financial assets, at year-end	54,874,950
Less those unavailable for general expenditure within one year due to donor imposed purpose restrictions	(6,764,109)
Less: Cash held for others	(740,166)
Financial assets available to meet cash needs for general expenditures within one year	$ 47,370,675

At June 30, 2020, the Organization has no board-designated assets.

Note 4 - Investments

Investments are comprised of the following at June 30, 2020:

	Fair Market Value
ETFs	$ 20,609,605
Mutual funds	13,052,930
	$ 33,662,535

Note 4 - Investments (Continued)

For the year ended June 30, 2020, investment return consisted of the following:

Interest and dividend income	$ 767,233
Realized gains, net	151,876
Unrealized gain	400,922
	1,320,031
Less: Investment fees	(55,628)
	$ 1,264,403

Note 5 - Fair Value Measurements

Fair value of assets measured on a recurring basis at June 30, 2020 consists of the following:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
ETFs	$ 20,609,605	$ 20,609,605	$ -	$ -
Mutual funds	13,052,930	13,052,930	-	-
	$ 33,662,535	$ 33,662,535	$ -	$ -

There were no transfers between levels during the year ended June 30, 2020. In addition, transfers, if any, would be recognized at the end of the reporting period.

GAAP provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets and Level 3 inputs have the lowest priority. New Visions uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, New Visions measures fair value using Level 1 inputs, because they generally provide the most reliable evidence of fair value.

Note 5 - Fair Value Measurements (Continued)

For the year ended June 30, 2020, the investments in ETFs consisted of the following:

Blended funds	$ 19,482,341
International stocks	1,127,264
	$ 20,609,605

Investments in mutual funds are invested in mixed security funds, such as corporate and government bonds and various equity stocks. Blended fund ETFs are invested in mixed security funds.

Note 6 - Concentration of Credit Risk and Major Grantors

Cash and Cash Equivalents

As of June 30, 2020, the Organization maintains cash balances at a bank which is insured by the Federal Deposit Insurance Corporation for a limit of up to $250,000. New Visions also maintains cash balances at a brokerage firm, which at June 30, 2020, are insured by the Securities Investor Protection Corporation up to $250,000. The Organization maintains its cash in bank deposit accounts and a brokerage firm which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Major Grantors

During the year ended June 30, 2020, one government grantor accounted for approximately 41% of total public support and revenue, and approximately 30% of the Organization's outstanding grants receivable at June 30, 2020. Another grantor accounted for approximately 58% of the grants receivable at June 30, 2020.

Note 7 - Grants Receivable

As of June 30, 2020, New Visions has grants receivable as follows:

Due within 1 year	$ 9,411,052
Due years 2 through 3	4,964,883
	14,375,935
Present value discount (at rates varying from .18% to 1.83%)	(117,137)
Grants receivable, net	$ 14,258,798

Note 8 - Other Receivables

As of June 30, 2020, New Visions had approximately $1,484,000 due from ten charter schools under its management, which is related to management fees and other expenses charged by New Visions (see Note 16).

Note 9 - Property and Equipment

At June 30, 2020, property and equipment consists of:

		Estimated Useful Life
Computer equipment	$ 331,696	3 to 5 years
Furniture and fixtures	877,096	3 to 5 years
Software	11,716	3 to 5 years
Leasehold improvements	5,428,894	Lesser of lease term or estimated useful life
	6,649,402	
Less: Accumulated depreciation and amortization	(1,870,954)	
	$ 4,778,448	

At June 30, 2020, the capital lease asset consists of:

Capital lease asset with an estimated useful life of 27 years	$ 5,851,210
Less: Accumulated amortization	(890,402)
	$ 4,960,808

Note 10 - Grants Payable

As of June 30, 2020, New Visions has recorded grants payable as follows:

Payable within 1 year	$ 241,219
Payable years 2 through 4	350,390
	591,609
Present value discount (at rates varying from .29% to 2.61%)	(6,287)
Grants payable, net	$ 585,322

Note 11 - Advertising Expenses

Advertising expenses are charged to operations in the period in which they are incurred. Advertising expense for the year ended June 30, 2020 was approximately $90,000.

Note 12 - Retirement Plan

New Visions has a tax-deferred annuity retirement plan under IRC Section 403(b) for its employees. Under this plan, employees become eligible for employer contributions after completing one year of service, with a vesting schedule of 20% per year for five years. For staff hired before July 1, 2013, employer contributions began after employees completed two years of service, and were immediately vested at 100%. Employer contributions are based upon management's discretion, subject to Internal Revenue Service maximum limitations. For the year ended June 30, 2020, the Organization contributed an amount equal to 8% of employee compensation. New Visions' contribution expense for the year ended June 30, 2020 was approximately $1,219,000.

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

Note 13 - Contributed Investments, Materials and Services

The Organization records various types of in-kind contributions. Contributed services are recognized at fair value if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

The Organization received contributed investments and books during the year ended June 30, 2020 with a fair value on the dates of donation of $473,152 and $5,321, respectively.

Additionally, the Board of Directors donates a significant amount of its time to program activities. The value of this contributed time is not reflected in the accompanying financial statements because it does not meet the criteria for recognition provided in GAAP. In addition, no objective basis is available to measure the value of such services.

Note 14 - PPP Loan Payable

The Organization applied for and received a forgivable Paycheck Protection Program (PPP) loan of approximately $3,447,000 as provided under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and the loan was funded on April 10, 2020. Under the terms of the loan, the balance is forgivable to the extent the proceeds are used for certain qualified costs for the 24-week period through September 24, 2020 and that certain employment levels are maintained. To the extent a portion of the loan does not meet the criteria to be forgiven, such amount is due on April 9, 2022 and carries an interest rate of 1%. Through June 30, 2020, the Organization has used $1,723,621 of the proceeds on qualified costs and such amount has been reported as grant revenue with an offsetting reduction to the federal loan payable on the statement of financial position. The Organization anticipates using all the proceeds for eligible costs and expects the entire loan to be forgiven. A formal request for forgiveness will be submitted after the performance period outlined above.

Note 15 - Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2020 consisted of the following:

Purpose restrictions:	
School support	$ 10,101,964
Curriculum and instruction	787,988
Systems and data	88,691
	$ 10,978,643

Note 16 - Management Agreement

The Organization manages ten charter schools within the New York City area at June 30, 2020.

Pursuant to the terms of the Educational Services Agreement by and between New Visions and the schools, the Organization shall provide educational management, operational and fundraising services to the schools. As compensation for these services rendered, New Visions earned a fee equal to 8% of the school's gross revenue or 10% of per pupil revenue depending on the school. Gross revenue is defined as all such funding provided by the State, Federal and Local government (if applicable) but shall exclude any private grant funding awarded to the schools. For the year ended June 30, 2020, New Visions earned approximately $5,904,000 in management fee income, which is segregated as a separate line item on the statement of activities. The balance due to New Visions from the schools related to management fees at June 30, 2020 amounted to approximately $1,376,000, which is included in other receivables on the accompanying statement of financial position.

Note 17 - Risks and Uncertainties

Investments

New Visions invests in investment securities (ETFs and mutual funds). Investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term, and that such changes could materially affect New Visions' total net assets.

COVID-19

On January 30, 2020, the World Health Organization declared that the recent coronavirus disease ("COVID-19") outbreak was a global health emergency. On March 11, 2020, the World Health Organization raised the COVID-19 outbreak to pandemic status. The COVID-19 outbreak could evolve into a worldwide health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could affect the Organization's operations. The extent and ultimate impact of COVID-19 on the Organization's operating and financial performance cannot be predicted at this time. The Organization's project revenue and support will remain consistent with contribution revenue. The Organization believes it is taking appropriate actions to mitigate the negative impact.

Note 18 - Commitments and Contingencies

Leases

New Visions purchased a leasehold condominium at 205 East 42nd Street on December 30, 2015 with payments to be made from February 2017 through March 2043. The purchase and sale agreement (the "Agreement") expires in March 2043. At the end of the Agreement, the seller has the option to repurchase the leasehold condominium at a repurchase price of $10. In accordance with GAAP, the purchase of the leasehold condominium was classified as a capital lease. The present value of the minimum lease payments at the beginning of the leasehold condominium (discounted at an estimated incremental borrowing rate of 7.56%) amounted to $5,851,210 and is reflected as a capital lease asset and obligation in the statement of financial position. During the year ended June 30, 2020, New Visions incurred approximately $491,000 of interest expense, which is allocated among the program and supporting services in the accompanying statement of activities and included in miscellaneous expense on the statement of functional expenses.

The Agreement includes a ground rent charge at $36.10 per square foot to be paid annually over the life of the Agreement. In accordance with GAAP, the ground rent and lease incentives received from the landlord were accounted for as an operating lease on a straight-line basis. As of June 30, 2020, there is deferred rent of approximately $2,505,000. Rent expense for the year ended June 30, 2020 was approximately $1,054,000.

Note 18 - Commitments and Contingencies (Continued)

Leases (Continued)

Future minimum payments are as follows for the years ending after June 30, 2020:

	Capital Lease	Ground Rent	Total
2021	$ 328,729	$ 1,087,729	$ 1,416,458
2022	391,502	1,087,729	1,479,231
2023	479,384	1,087,729	1,567,113
2024	479,384	1,087,729	1,567,113
2025	479,384	1,087,729	1,567,113
2026-2043	14,279,097	19,266,255	33,545,352
	16,437,480	24,704,900	41,142,380
Less: Amount representing interest	9,762,644	-	9,762,644
	$ 6,674,836	$ 24,704,900	$ 31,379,736

Contingencies

The Organization is a defendant in a number of claims relating to matters arising in the ordinary course of business. The amount of liability, if any, from the claims cannot be determined with certainty; however, management is of the opinion that the outcome of the claims will not have a material adverse impact on the Organization's financial position, results of operations or cash flows.

The Organization established a deferred compensation arrangement effective January 1, 2019 for the benefit of its President, requiring annual accruals at a percentage of the officer's compensation as called for under the terms of the contract. At June 30, 2020, deferred compensation of approximately $178,000 is included in accrued salary and related expenses on the statement of financial position. The agreement contains, among other things, provisions for vesting and termination.

Note 19 - Subsequent Events

The Organization has evaluated subsequent events through December 15, 2020, the date the financial statements were available to be issued.