NEW VISIONS FOR PUBLIC SCHOOLS, INC.

Financial Statements

and

Supplementary Information

June 30, 2019

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. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), 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. The 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 November 20, 2019, on our consideration of the Organization'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 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 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 Organization's internal control over financial reporting and compliance.

Mayer Hoffman McCann CPAs

November 20, 2019

NEW VISIONS FOR PUBLIC SCHOOLS, INC.

Statement of Financial Position

June 30, 2019

ASSETS

Cash and cash equivalents	$ 9,699,245
Cash held for others (Note 2)	466,765
Investments - at fair value (Notes 4 and 5)	31,012,815
Grants receivable, net (Notes 6 and 7)	17,240,288
Other receivables (Notes 8 and 15)	1,282,259
Prepaid expenses and other assets	97,707
Capital lease asset, net (Notes 9 and 17)	5,178,866
Property and equipment, net (Note 9)	5,141,797
	$ 70,119,742

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	$ 376,263
Accrued salary and related expenses (Note 2)	797,733
Grants payable, net (Note 10)	1,615,183
Deferred rent (Note 17)	2,616,412
Capital lease obligation (Note 17)	6,512,549
Agency funds held for others (Note 2)	466,765
	12,384,905
Commitments and contingencies (Notes 12 and 17)	
Net assets:	
Without donor restrictions	40,362,226
With donor restrictions (Note 14)	17,372,611
Total net assets	57,734,837
	$ 70,119,742

See accompanying notes.

NEW VISIONS FOR PUBLIC SCHOOLS, INC.
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Contributions and grants (Note 6)	$ 1,905,934	$ 18,173,037	$ 20,078,971
Contributed materials and services (Note 13)	4,825	12,199	17,024
Government grants (Note 6)	8,505,464	1,505,662	10,011,126
Investment return (Note 4)	1,093,093	-	1,093,093
Other income (Note 2)	35,456	-	35,456
Management fee income (Note 15)	5,556,090	-	5,556,090
Net assets released from restrictions	10,815,083	(10,815,083)	-
Total public support and revenue	27,915,945	8,875,815	36,791,760
Expenses:			
Program services:			
School support	13,788,268	-	13,788,268
Curriculum and instruction	5,355,191	-	5,355,191
Systems and data	4,669,274	-	4,669,274
	23,812,733	-	23,812,733
Supporting services:			
Management and general	3,067,887	-	3,067,887
Fundraising	284,529	-	284,529
	3,352,416	-	3,352,416
Total expenses	27,165,149	-	27,165,149
Change in net assets	750,796	8,875,815	9,626,611
Net assets, beginning of year	39,611,430	8,496,796	48,108,226
Net assets, end of year	$ 40,362,226	$ 17,372,611	$ 57,734,837

See accompanying notes.

NEW VISIONS FOR PUBLIC SCHOOLS, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	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	$ 7,664,499	$ 3,064,829	$ 3,051,707	$ 13,781,035	$ 2,086,195	$ 181,480	$ 2,267,675	$ 16,048,710
Employee retirement and health benefits	1,131,872	434,297	433,046	1,999,215	267,581	21,854	289,435	2,288,650
Payroll taxes	661,936	258,918	260,510	1,181,364	159,815	16,910	176,725	1,358,089
Total salaries and related expenses	9,458,307	3,758,044	3,745,263	16,961,614	2,513,591	220,244	2,733,835	19,695,449
Other expenses:								
Grants	1,613,168	245,362	-	1,858,530	-	-	-	1,858,530
Consulting and professional fees	741,126	588,108	65,324	1,394,558	46,734	803	47,537	1,442,095
Occupancy costs	566,604	205,235	247,766	1,019,605	143,560	14,626	158,186	1,177,791
Printing and stationery	13,857	3,109	2,198	19,164	1,447	251	1,698	20,862
Supplies	375,473	62,449	299,562	737,484	113,947	25,153	139,100	876,584
Travel and conferences	244,895	211,660	42,279	498,834	72,422	4,155	76,577	575,411
Postage and shipping	19,026	5,155	4,980	29,161	3,970	1,946	5,916	35,077
Telecommunication	50,880	26,926	12,374	90,180	15,053	655	15,708	105,888
Equipment rental and maintenance	26,957	9,893	11,912	48,762	6,775	696	7,471	56,233
Insurance	38,494	15,286	17,402	71,182	9,824	1,074	10,898	82,080
Miscellaneous	361,327	120,268	109,990	591,585	74,142	8,397	82,539	674,124
Total other expenses	4,051,807	1,493,451	813,787	6,359,045	487,874	57,756	545,630	6,904,675
Total expenses before depreciation and amortization	13,510,114	5,251,495	4,559,050	23,320,659	3,001,465	278,000	3,279,465	26,600,124
Depreciation and amortization	278,154	103,696	110,224	492,074	66,422	6,529	72,951	565,025
Total expenses	$ 13,788,268	$ 5,355,191	$ 4,669,274	$ 23,812,733	$ 3,067,887	$ 284,529	$ 3,352,416	$ 27,165,149

See accompanying notes.

NEW VISIONS FOR PUBLIC SCHOOLS, INC.

Statement of Cash Flows

For the Year Ended June 30, 2019

Cash flows from operating activities:	
Change in net assets	$ 9,626,611
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	649,242
Interest accrued on capital lease obligation	484,127
Deferred rent	(111,517)
Investment gains, realized and unrealized, net	(122,490)
Change in assets and liabilities:	
Cash held for others	65,376
Grants receivable	(6,318,431)
Due to/from related parties	268,852
Prepaid expenses and other assets	102,328
Accounts payable and accrued expenses	(629,794)
Accrued salary and related expenses	32,789
Grants payable, net	943,123
Agency funds held for others	(65,376)
Net cash provided by operating activities	4,924,840
Cash flows from investing activities:	
Proceeds from sale of investments	9,381,561
Purchases of investments	(10,128,220)
Net cash used in investing activities	(746,659)
Cash used in financing activities:	
Payment of capital lease obligation	(328,729)
Net increase in cash and cash equivalents	3,849,452
Cash and cash equivalents, beginning of year	5,849,793
Cash and cash equivalents, end of year	$ 9,699,245

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, 2019, the Organization worked directly with 70 NYCDOE schools serving over 41,000 students. As of June 30, 2019, 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 444 schools in all five boroughs of New York City, serving over 220,000 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 and Renewal 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 and Renewal School programs, the Organization partners with 233 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, 2019, 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 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.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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, 2019, the amount of funds held by New Visions for other parties was approximately $467,000.

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.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

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, 2016 are no longer subject to examination. No returns or registrations are presently under examination by the relevant authorities.

The Organization is subject to tax reportable on Form 990T consisting of unrelated business income resulting from pre-tax transportation benefits paid to employees.

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, 2019, 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 $656,000 of PTO days was accrued at June 30, 2019 and is included in accrued salary and related expenses in the accompanying statement of financial position.

New Accounting Standard

On August 18, 2016, the FASB issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities,* which was adopted by the Organization on July 1, 2018. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

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, ETFs, bonds and stocks. 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, 2019, 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	$ 9,699,245
Cash held for others	466,765
Investments - at fair value	31,012,815
Grants receivable in less than one year	9,202,198
Other receivables	1,282,259
Financial assets, at year-end	51,663,282
Less those unavailable for general expenditure within one year due to donor imposed purpose restrictions	(16,922,611)
Less: Cash held for others	(466,765)
Financial assets available to meet cash needs for general expenditures within one year	$ 34,273,906

At June 30, 2019, the Organization has no board-designated assets.

Note 4 - Investments

Investments are comprised of the following at June 30, 2019:

	Fair Market Value
ETFs	$ 19,896,828
Mutual funds	11,115,987
	$ 31,012,815

Note 4 - Investments (Continued)

For the year ended June 30, 2019, investment return consisted of the following:

Interest and dividend income	$ 1,008,245
Realized gains, net	31,115
Unrealized gain	91,375
	1,130,735
Less: Investment fees	(37,642)
	$ 1,093,093

Note 5 - Fair Value Measurements

Fair value of assets measured on a recurring basis at June 30, 2019 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	$ 19,896,828	$ 19,896,828	$ -	$ -
Mutual funds	11,115,987	11,115,987	-	-
	$ 31,012,815	$ 31,012,815	$ -	$ -

There were no transfers between levels during the year ended June 30, 2019. 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, 2019, the investments in ETFs consisted of the following:

Blended funds	$ 18,825,639
International stocks	1,071,189
	$ 19,896,828

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, 2019, 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, 2019, 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, 2019, one government grantor and one foundation accounted for approximately 61% of total contributions and grants. These grantors accounted for approximately 79% of the Organization's outstanding grants receivable at June 30, 2019.

Note 7 - Grants Receivable

As of June 30, 2019, New Visions has grants receivable as follows:

Due within 1 year	$ 9,202,198
Due years 2 through 5	8,264,000
	17,466,198
Present value discount (at rate of 1.83%)	(225,910)
Grants receivable, net	$ 17,240,288

Note 8 - Other Receivables

As of June 30, 2019, New Visions had approximately $1,282,000 due from ten charter schools under its management, which is related to management fees and other expenses charged by New Visions (see Note 15).

Note 9 - Property and Equipment

At June 30, 2019, property and equipment consists of:

		Estimated Useful Life
Computer equipment	$ 331,696	3 to 5 years
Furniture and fixtures	877,096	3 to 4 years
Software	11,716	3 to 5 years
Leasehold improvements	5,428,894	Lesser of lease term or
	6,649,402	estimated useful life
Less: Accumulated depreciation and amortization	(1,507,605)	
	$ 5,141,797	

At June 30, 2019, the capital lease asset consists of:

Capital lease asset with an estimated useful life of 27 years	$ 5,851,210
Less: Accumulated amortization	(672,344)
	$ 5,178,866

Note 10 - Grants Payable

As of June 30, 2019, New Visions has recorded grants payable as follows:

Payable within 1 year	$ 1,276,754
Payable years 2 through 4	349,267
	1,626,021
Present value discount (at rates varying from .71% to 2.61%)	(10,838)
Grants payable, net	$ 1,615,183

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, 2019 was approximately $123,000.

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, 2019, the Organization contributed an amount equal to 8% of employee compensation. New Visions' contribution expense for the year ended June 30, 2019 was approximately $1,063,000.

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 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 materials (books and other items) and legal services during the year ended June 30, 2019 with a fair value on the dates of donation of $17,024.

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 - Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2019 consisted of the following:

Purpose restrictions:	
School support	$ 14,699,514
Curriculum and instruction	1,259,835
Systems and data	963,262
	16,922,611
Time restrictions	450,000
	$ 17,372,611

Note 15 - Management Agreement

The Organization manages ten charter schools within the New York City area at June 30, 2019.

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 received a fee equal to 8% of the school's gross revenue. 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, 2019, New Visions earned approximately $5,556,000 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, 2019 amounted to approximately $1,282,000, which is included in other receivables on the accompanying statement of financial position.

Note 16 - 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 risks. 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.

Note 17 - 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, 2019, New Visions incurred approximately $485,000 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.

Note 17 - Commitments and Contingencies (Continued)

Leases (Continued)

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, 2019, there is deferred rent of approximately $2,616,000. Rent expense for the year ended June 30, 2019 was approximately $1,136,000.

Future minimum payments are as follows for the years ending after June 30, 2019:

	Capital Lease	Ground Rent	Total
2020	$ 328,729	$ 1,087,729	$ 1,416,458
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
2025-2043	14,756,082	20,353,985	35,110,067
	16,763,810	25,792,630	42,556,440
Less: Amount representing interest	10,251,261	-	10,251,261
	$ 6,512,549	$ 25,792,630	$ 32,305,179

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.

Note 18 - Subsequent Events

The Organization has evaluated subsequent events through November 20, 2019, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NEW VISIONS FOR PUBLIC SCHOOLS, INC.

(Supplementary Information)

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2019

Federal Grantor/Program Title	**Federal CFDA Number**	**Federal Expenditures**
U.S. Department of Education		
State Fiscal Stabilization Fund - Investing in Innovation (I3) Fund - Development	84.411C	$ 792,241
Teacher Quality Partnership	84.336S	713,422
Total Expenditures of Federal Awards		$ 1,505,663

See independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

NEW VISIONS FOR PUBLIC SCHOOLS, INC.
Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of New Visions for Public Schools, Inc. under programs of the federal government for the year ended June 30, 2019. 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 New Visions for Public Schools, Inc., it is not intended to, and does not, present the financial position, changes in net assets or cash flows of New Visions for Public Schools, Inc.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. New Visions for Public Schools, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

REPORTING UNDER GOVERNMENT AUDITING STANDARDS

MHM

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 ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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 for Public Schools, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from 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 determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mayer Hoffman McCann CPAs

November 20, 2019

REPORTING UNDER THE UNIFORM GUIDANCE

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 ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited New Visions for Public Schools, Inc.'s (the "Organization") compliance with the types of compliance requirements described in *the OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of 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, 2019.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Mayer Hoffman McCann CPAs

November 20, 2019

NEW VISIONS FOR PUBLIC SCHOOLS, INC.

(Supplementary Information)

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2019

	Summary of Auditor's Results
Section I - Summary of Auditor's Results	
Financial Statements	
1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	None
b. Significant deficiencies identified?	None Reported
3. Noncompliance material to financial statements noted?	No
Federal Awards	
1. Internal control over major federal program:	
a. Material weaknesses identified?	None
b. Significant deficiencies identified?	None Reported
2. Type of auditor's report issued on compliance for major federal programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
4. Identification of major federal program:	Name of Federal Program
CFDA Number:	
84.411C	State Fiscal Stabilization Fund - Investing in Innovation (I3) Fund - Development
5. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
6. Auditee qualified as low-risk auditee?	Yes
Section II - Financial Statement Findings	No matters were reported.
Section III - Federal Award Findings and Questioned Costs	No matters were reported.