New Visions for Public Schools, Inc.

Audited Financial Statements

Year Ended June 30, 2023

New Visions for Public Schools, Inc.

Audited Financial Statements

Year Ended June 30, 2023

C O N T E N T S

Independent Auditor's Report

Board of Trustees
New Visions for Public Schools, Inc.

Opinion

We have audited the financial statements of New Visions for Public Schools, Inc. (the “Organization”), which comprise the statement of financial position as of June 30, 2023, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“GAAS”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Sax CPAs LLP

New York, New York
January 31, 2024

New Visions for Public Schools, Inc.

Statement of Financial Position

June 30, 2023

ASSETS	
Cash and cash equivalents	$ 9,262,506
Restricted cash	1,578,199
Investments - at fair value	39,430,601
Grants receivable, net	6,918,149
Due from others	2,058,123
Prepaid expenses and other assets	143,854
Property and equipment, net	4,002,902
Capital lease asset, net	4,306,636
Net operating lease - right of use ("ROU") asset	14,106,171
TOTAL ASSETS	**$ 81,807,141**
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued expenses	$ 411,830
Accrued salary and related expenses	1,881,316
Grants payable, net	2,260,041
Finance lease obligation	7,055,141
Operating lease obligation	16,377,969
Agency funds held for others	1,578,199
TOTAL LIABILITIES	29,564,496
NET ASSETS	
Without donor restrictions	46,969,896
With donor restrictions	5,272,749
Total net assets	52,242,645
TOTAL LIABILITIES AND NET ASSETS	**$ 81,807,141**

The accompanying notes and auditor’s report are an integral part of these financial statements.

New Visions for Public Schools, Inc.

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions and grants	$ 894,392	$ 4,774,826	$ 5,669,218
Contributed services	-	1,832,254	1,832,254
Government and other contracted services	13,636,606	-	13,636,606
Investment income	2,707,296	38,267	2,745,563
Other income	93,303	-	93,303
Management fee income	6,758,128	-	6,758,128
Release of donor restrictions	13,022,583	(13,022,583)	-
Total revenues, gains and other support	37,112,308	(6,377,236)	30,735,072
EXPENSES			
Program services	34,750,870	-	34,750,870
General and administrative	4,056,704	-	4,056,704
Fundraising	664,877	-	664,877
Total expenses	39,472,451	-	39,472,451
Change in net assets	**2,360,143**	**(6,377,236)**	**(8,737,379)**
NET ASSETS, ***beginning of year***	49,330,039	11,649,985	60,980,024
NET ASSETS, ***end of year***	**$ 46,969,896**	**$ 5,272,749**	**$ 52,242,645**

The accompanying notes and auditor's report are an integral part of these financial statements.

New Visions for Public Schools, Inc.

Statement of Activities

Year Ended June 30, 2023

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NET ASSETS, ***end of year***	**$ 46,969,896**	**$ 5,272,749**	**$ 52,242,645**

The accompanying notes and auditor's report are an integral part of these financial statements.

New Visions for Public Schools, Inc.

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services				Supporting Services			
	School Support	Curriculum and Instruction	Systems and Data	Total	Management and General	Fundraising	Total	Total
Salaries	$ 9,594,585	$ 2,403,163	$ 7,408,312	$ 19,406,060	$ 2,792,536	$ 452,036	$ 3,244,572	$ 22,650,632
Employee retirement and health benefits	1,802,693	388,076	1,247,767	3,438,536	494,234	87,145	581,379	4,019,915
Payroll taxes	815,846	200,764	599,380	1,615,990	218,015	38,579	256,594	1,872,584
Grants	2,735,883	1,112,195	-	3,848,078	-	-	-	3,848,078
Consulting and professional fees	2,173,335	214,891	89,166	2,477,392	82,951	1,704	84,655	2,562,047
Occupancy costs	548,472	126,240	374,731	1,049,443	149,779	21,460	171,239	1,220,682
Printing and stationery	10,053	1,820	2,361	14,234	1,093	3,775	4,868	19,102
Supplies	235,200	65,423	942,037	1,242,660	104,459	20,553	125,012	1,367,672
Travel and conferences	348,302	134,042	77,365	559,709	66,059	11,722	77,781	637,490
Postage and shipping	24,416	1,112	4,265	29,793	1,462	1,115	2,577	32,370
Telecommunication	21,386	7,569	10,234	39,189	5,459	1,240	6,699	45,888
Equipment rental and maintenance	28,994	6,519	19,694	55,207	7,861	1,096	8,957	64,164
Insurance	49,297	10,724	34,134	94,155	14,025	2,118	16,143	110,298
Miscellaneous	309,167	66,142	215,780	591,089	77,551	16,373	93,924	685,013
Depreciation and amortization	151,203	34,799	103,333	289,335	41,220	5,961	47,181	336,516
Total expenses	**$ 18,848,832**	**$ 4,773,479**	**$ 11,128,559**	**$ 34,750,870**	**$ 4,056,704**	**$ 664,877**	**$ 4,721,581**	**$ 39,472,451**

The accompanying notes and auditor's report are an integral part of these financial statements.

New Visions for Public Schools, Inc.

Statement of Cash Flows

Year Ended June 30, 2023

CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Change in net assets	$ (8,737,379)
Adjustments to reconcile income (decrease) in net assets to net cash provided by operating activities	
Depreciation and amortization	336,516
Net operating lease - ROU asset amortization	2,237,077
Amortization of tenant allowance	(2,197,643)
Net investment gains	(1,538,935)
Interest expense on finance lease	531,712
(Increase) decrease in assets	
Grants receivable, net	8,992,639
Due from others	82,800
Prepaid expenses and other assets	(20,742)
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(64,124)
Accrued salary and related expenses	497,836
Grants payable, net	418,118
Operating lease obligation reduction	34,721
Agency funds held for others	(120,334)
Net cash flows provided by operating activities	**452,262**
CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES	
Proceeds from sale of investments	648,853
Purchases of investments	(2,375,249)
Net cash flows used for investing activities	**(1,726,396)**
CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES	
Payments on finance lease obligation	(479,384)
Net cash flows used for financing activities	**(479,384)**
Net decrease in cash, cash equivalents and restricted cash	**(1,753,518)**
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, *beginning of year*	12,594,223
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, *end of year*	**$ 10,840,705**
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES	
Adoption of ASC 842 - initial ROU asset	**$ 16,343,248**

The accompanying notes and auditor's report are an integral part of these financial statements.

Note 1 - Nature of Activities

a. Nature of Organization

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 over 30 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 more than 130 small new 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, 2023, the Organization worked directly with 71 NYCDOE schools serving over 36,000 students. As of June 30, 2023, New Visions had educational services agreements with nine public charter high schools to provide academic, business, and administrative services. These nine 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.

b. Program Descriptions

School Support works with over 1,580 schools in all five boroughs of New York City, serving over 835,000 students as of June 30, 2023. In addition to functioning as a Charter Management Organization (“CMO”) for its nine Charter High Schools, the Organization supports schools through its Affinity Group and citywide partnerships with the NYCDOE. 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. Additionally, the Organization works with multiple subgroups of schools in its Affinity and Charter networks on grant-funded activities, including the College Readiness Network for School Improvement, which focuses on establishing models for one-to-one check-ins between students and educators to help keep students on-track during ninth grade; and multiple efforts to support postsecondary advising and success, including the Postsecondary Advising Model that develops strategies for consistent, high-quality postsecondary advising, and the College Access and Action Network, which develops the capacity of counselors to support students’ college and career readiness.

Note 1 - Nature of Activities - Continued

b. 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 C&I department focuses on supporting in-service teachers to develop their content and pedagogical knowledge, primarily by developing or identifying high-quality instructional materials and providing aligned professional learning opportunities. The Instructional Network for School Improvement, launched in the school year 2020-21, supports a network of NYCDOE high schools to adopt and effectively use common curriculum and instructional approach for 9th grade Algebra. The Organization also supports school librarians through the Astor Campus Librarian Network ("CLN") Program.

Systems and Data Analytics ("sysDaar") builds school management tools, known as the Portal by New Visions, that provides 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

a. Basis of Accounting

The Organization prepares its financial statements on the accrual basis.

b. Basis of Presentation

Financial statement presentation follows the provisions included in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 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.

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 those resources be maintained in perpetuity.

- *Net Assets Without Donor Restrictions* - Net assets available for general use and not subject to donor restrictions.

Note 2 - Summary of Significant Accounting Policies - Continued

c. 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.

d. Cash Flow Presentation of Restricted Cash

Cash and restricted cash are presented in more than one-line item within the statement of financial position. The following provides a reconciliation of cash and restricted cash as shown in the statement of cash flows:

Cash and cash equivalents	$ 9,262,506
Restricted cash	1,578,199
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 10,840,705

e. 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 Securities and Exchange Commission ("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.

f. 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. For the year ended June 30, 2023, 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.

Note 2 - Summary of Significant Accounting Policies - Continued

f. Revenue and Support Recognition - Continued

Government and other contracted services are recognized as a fee for service revenue. Fee for service revenue is recognized as services are provided to schools. Fees for service are recognized in accordance with FASB ASC Topic 606, whereas the Organization has contracts with customers to provide approved services (performance obligations) to the individual. The Organization recognizes revenue in the period in which obligations to provide services are satisfied. The contractual arrangements with consumers also involve a third-party payer (e.g., charter schools, private organizations, city or state government agency), and the transaction price for the services provided are dependent upon the terms provided by the third-party payer. As services are provided to consumers, the Organization recognizes revenue, resulting in revenue recognized over time.

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

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.

g. 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.

h. 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.

i. Restricted Cash

The Organization acts as a 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, 2023, the amount of funds held by New Visions for other parties was $1,578,199.

j. 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.

Note 2 - Summary of Significant Accounting Policies - Continued

k. 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.

l. 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, 2020 are no longer subject to examination. No returns or registrations are presently under examination by the relevant authorities.

m. 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.

n. Compensated Absences

The Organization allows for the carryover of unused paid time off ("PTO") beyond the calendar year. At June 30, 2023, employees can carry over up to ten unused PTO days from one year to the next and are limited to 24 PTO days accrued at fiscal year-end. $1,045,050 of PTO days was accrued at June 30, 2023 and is included in accrued salary and related expenses in the accompanying statement of financial position.

o. Contributed Nonfinancial Assets

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 in-kind value when received. The amounts reflected in the accompanying financial statements as contributions are offset by like amounts included in expenses or additions to property and equipment.

Note 2 - Summary of Significant Accounting Policies - Continued

o. Contributed Nonfinancial Assets - Continued

The Organization received contributed consulting and legal services related to its School Support program. These contributed services have been valued at the standard market rates that would have been incurred by the Organization to obtain them and are reported as both revenue and expense in the accompanying financial statements in accordance with GAAP. The contributed consulting and legal services for the year ended June 30, 2023 amounted to $1,832,254.

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.

p. Leases

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on its statement of financial position as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of FASB ASC 842 on July 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease July 1, 2022, for existing leases upon the adoption of Topic 842. The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Note 2 - Summary of Significant Accounting Policies - Continued

p. Leases - Continued

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable, they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Organization's operating leases of approximately $16,296,224 and $16,921,935, respectively, at July 1, 2022. The adoption of the new lease standard did not materially impact net earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance of net assets.

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 12-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, 2023, the Organization holds the following financial assets, which could be made readily available within one year of the statement of financial position sheet date to meet general expenditures:

Cash and cash equivalents	$ 9,262,506
Investments - at fair value	39,430,601
Grant receivable in less than one year	5,436,304
Due from others	2,058,123
Financial assets at year-end	56,187,534
Less those unavailable for general expenditure within one year due to donor-imposed purpose restrictions	(3,713,367)
Financial assets available to meet cash needs for general expenditures within one year	$ 52,474,167

At June 30, 2023, the Organization has no board-designated assets.

Note 4 - Investments

Investments are comprised of the following at June 30, 2023:

ETFs	$ 24,962,390
Mutual funds	14,468,211
Total	$ 39,430,601

For the year ended June 30, 2023, investment return consisted of the following:

Interest and dividend income	$ 1,278,522
Realized loss, net	(23,526)
Unrealized gain	1,562,461
	2,817,457
Less: investment fees	(71,894)
Total	$ 2,745,563

Note 5 - Fair Value Measurements

Fair value of assets measured on a recurring basis at June 30, 2023 consists of the following:

	Level 1	Level 2	Level 3	Total
Investments				
ETFs	$ 24,962,390	$ -	$ -	$ 24,962,390
Mutual funds	14,468,211	-	-	14,468,211
Total	$ 39,430,601	$ -	$ -	$ 39,430,601

There were no transfers between levels during the year ended June 30, 2023. 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.

For the year ended June 30, 2023, the investments in ETFs consisted of the following:

Blended funds	$ 23,893,166
International stocks	1,069,224
Total	$ 24,962,390

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 - Concentrations of Credit Risk and Major Grantors

a. Cash and Cash Equivalents

As of June 30, 2023, the Organization maintains cash balances at a bank which is insured by the Federal Deposit Insurance Corporation ("FDIC") for a limit of up to $250,000. New Visions also maintains cash balances at a brokerage firm, which at June 30, 2023, are insured by the Securities Investor Protection Corporation ("SIPC') 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.

b. Major Grantors

During the year ended June 30, 2023, one grantor accounted for approximately 46% of total public support and revenue, and approximately 21% of the Organization's outstanding grants receivable at June 30, 2023.

Note 7 - Grants Receivable

As of June 30, 2023, New Visions has grants receivable as follows:

Due within one year	$ 5,436,304
Due years two through three	1,507,260
	6,943,564
Less present value discount (at rates varying from .87% to 4.13%)	(25,415)
Grants receivable, net	$ 6,918,149

Note 8 - Related Party

As of June 30, 2023, New Visions had $2,058,123 due from nine charter schools under its management, which is related to management fees and other expenses charged by New Visions.

Note 9 - Property and Equipment

At June 30, 2023, property and equipment consists of:

Computer equipment (estimated useful life of 3 years)	$ 331,696
Furniture and fixtures (estimated useful life of 5 years)	877,096
Software (estimated useful life of 3 years)	11,716
Leasehold improvements (estimated useful life of 27 years)	5,428,894
	6,649,402
Less: accumulated depreciation and amortization	(2,646,500)
Total property and equipment, net	$ 4,002,902

Note 9 - Property and Equipment - Continued

At June 30, 2023, the finance lease asset consists of:

Finance lease asset with an estimated useful life of 27 years	$ 5,851,210
Less: accumulated amortization	(1,544,574)
Total	$ 4,306,636

Note 10 - Grants Payable

As of June 30, 2023, New Visions has recorded grants payable as follows:

Payable within one year	$ 935,210
Payable years two through four	1,406,468
	2,341,678
Less: Present value discount (at rates varying from .29% to 1.03%)	(81,637)
Grants payable, net	$ 2,260,041

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, 2023 was $73,610.

Note 12 - Retirement Plan

New Visions has a tax-deferred annuity retirement plan under Internal Revenue Code ("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 ("IRS") maximum limitations. For the year ended June 30, 2023, the Organization contributed an amount equal to 8% of employee compensation. New Visions' contribution expense for the year ended June 30, 2023 was $1,604,892.

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 - Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2023 consisted of the following:

Purpose restrictions:	
School support	$ 708,444
Curriculum and instruction	4,564,305
Total	$ 5,272,749

Note 14 - Management Agreement

The Organization manages nine charter schools within the New York City area at June 30, 2023.

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 9% or 10% of the school's gross 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, 2023, New Visions earned $6,758,128 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, 2023 amounted to $2,058,123, which is included in due from others on the accompanying statement of financial position.

Note 15 - 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.

Note 16 - 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 finance lease. The present value of the minimum lease payments at the beginning of the leasehold condominium (discounted at an estimated incremental borrowing rate of 8%) amounted to $5,851,210 and the transaction is recorded as a finance lease asset and obligation in the statement of financial position.

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.

Supplemental statement of financial position sheet information related to leases was as follows:

Operating leases:	
Operating lease ROU assets	$ 14,106,171
Operating lease liabilities	$ 16,377,969
Finance leases:	
Land, buildings and improvements, net	$ 4,306,636
Finance lease liabilities	$ 7,055,141

Note 16 - Commitments and Contingencies - Continued

Supplemental statement of activities information related to leases was as follows:

Operating lease cost	$ 1,082,028
Finance lease cost - amortization of ROU assets	218,058
Finance lease cost - interest on lease liabilities	531,712
Total lease cost	$ 1,831,798

Supplemental cash flow information related to leases was as follows:

Cash paid for amounts included in measurement of lease liabilities:	
Operating cash outflows - payments on operating leases	$ 1,108,448
Financing cash outflow - payment on finance lease	$ 479,384
Right-of-use assets obtained in exchange for new lease obligations:	
Operating leases	$ 16,343,248

Average lease term and discount rate as of June 30, 2023 were as follows:

Weighted-average remaining lease term:	
Operating leases	19.68 years
Finance leases	19.68 years
Weighted-average discount rate:	
Operating leases	3.11%
Finance leases	8.00%

Future minimum payments are as follows for the years ending after June 30, 2023:

	Operating Leases	Finance Leases
Future Lease Payments		
2024	$ 1,108,448	$ 479,384
2025	1,108,448	479,384
2026	1,108,448	479,384
2027	1,108,860	542,157
2028	1,109,438	630,039
Thereafter	16,340,654	12,627,516
Total lease payments	21,884,296	15,237,864
Less: imputed interest	(5,506,327)	(8,182,723)
Total present value of lease liabilities	$ 16,377,969	$ 7,055,141

Note 16 - Commitments and Contingencies - Continued

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, 2023, deferred compensation of $547,300 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 17 - Subsequent Events

The Organization has evaluated subsequent events through January 31, 2024, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustment to or disclosure to the financial statements.