

**NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND
SCIENCE**

FINANCIAL STATEMENTS

JUNE 30, 2013

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11
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 <i>Government Auditing Standards</i>	12-13



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
New Visions Charter High School for Advanced Math and Science

Report on the Financial Statements

We have audited the accompanying financial statements of New Visions Charter High School for Advanced Math and Science (the "School"), which comprise the statement of financial position as of June 30, 2013, 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 of 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 School'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 School'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 Charter High School for Advanced Math and Science as of June 30, 2013, and its change in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited New Visions Charter High School for Advanced Math and Science's 2012 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated October 29, 2012. In our opinion, the summarized comparative information presented herein as of June 30, 2012 and for the period from December 14, 2010 (date of inception) to June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2013, on our consideration of New Visions Charter High School for Advanced Math and Science'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 the 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 New Visions Charter High School for Advanced Math and Science's internal control over financial reporting and compliance.

MBAF CPAs, LLC

New York, NY
October 30, 2013

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

ASSETS	2013	2012
Cash	\$ 336,500	\$ 343,752
Cash - restricted	50,032	24,958
Grants receivable	440,178	320,905
Other receivables	3,342	5,678
Due from NYC Department of Education	-	3,113
Prepaid expenses and other assets	8,614	4,852
Property and equipment, net	24,464	33,254
Due from related entities	-	7,144
	<u>\$ 863,130</u>	<u>\$ 743,656</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	201,334	145,884
Accrued salaries and other payroll related expenses	234,633	62,033
Due to NYC Department of Education	6,215	-
Due to related entities	144,785	95,664
	<u>586,967</u>	<u>303,581</u>
NET ASSETS		
Unrestricted	<u>276,163</u>	<u>440,075</u>
	<u>\$ 863,130</u>	<u>\$ 743,656</u>

The accompanying notes are an integral part of these financial statements.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

**(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE PERIOD FROM DECEMBER 14, 2010 (DATE OF INCEPTION)
THROUGH JUNE 30, 2012)**

	<u>2013</u>	<u>2012</u>
OPERATING REVENUE AND SUPPORT		
State and local per pupil operating revenue	\$ 3,350,700	\$ 1,882,141
Government grants and contracts	857,486	429,950
Contributions and other grants	25,422	350,000
Interest income	52	5
Insurance claim	-	15,112
In-kind	-	18,194
	<u>4,233,660</u>	<u>2,695,402</u>
EXPENSES		
Program	3,819,690	1,761,199
Management and general	544,217	475,653
Fundraising	33,665	18,475
	<u>4,397,572</u>	<u>2,255,327</u>
CHANGE IN NET ASSETS	<u>(163,912)</u>	<u>440,075</u>
NET ASSETS - BEGINNING OF PERIOD	<u>440,075</u>	<u>-</u>
NET ASSETS - END OF PERIOD	<u>\$ 276,163</u>	<u>\$ 440,075</u>

The accompanying notes are an integral part of these financial statements.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE PERIOD FROM DECEMBER 14, 2010 (DATE OF INCEPTION) THROUGH JUNE 30, 2012)

	Program	Management and General	Fundraising	2013	2012
FUNCTIONAL EXPENSES					
Salaries	\$ 1,929,880	334,774		\$ 2,264,654	\$ 1,042,572
Payroll taxes and employee benefits	547,572	82,609		630,181	259,228
Accounting/Audit	2,188	15,396		17,584	6,000
Management fees	265,221	37,769	33,665	336,655	184,742
Educational and other consultants	150,347	4,583		154,930	99,638
Legal fees	2,365	75		2,440	36,512
Contract substitute	57,474			57,474	21,710
Food service/School lunch	5,900			5,900	3,676
Instructional supplies and materials	124,774			124,774	47,993
Textbooks and library books	62,338			62,338	58,501
Office expenses	45,465	20,913		66,378	44,521
Telephone and internet	12,226	2,004		14,230	20,664
Technology infrastructure and software	328,860	28,002		356,862	254,042
Student assessments	750			750	830
Student transportation	31,059			31,059	4,362
Student uniforms	27,665			27,665	14,878
Equipment maintenance	8,534	3,170		11,704	8,083
Staff recruitment	16,018			16,018	3,894
Student recruitment	7,857			7,857	13,482
Conference and meetings	65,414	2,916		68,330	28,805
Insurance	19,196	2,734		21,930	12,263
Facilities expense	90,339	7,468		97,807	73,194
Depreciation	11,717	1,669		13,386	10,994
Other expenses	6,531	135		6,666	4,743
	\$ 3,819,690	\$ 544,217	\$ 33,665	\$ 4,397,572	\$ 2,255,327

The accompanying notes are an integral part of these financial statements.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE PERIOD FROM DECEMBER 14, 2010 (DATE OF INCEPTION)
THROUGH JUNE 30, 2012)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets:	\$ (163,912)	\$ 440,075
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation:	13,386	10,994
Changes in operating assets and liabilities:		
Cash - restricted:	(25,074)	(24,958)
Grants receivable:	(119,273)	(320,905)
Other receivables:	2,336	(5,678)
Due to/from NYC Department of Education:	9,328	(3,113)
Prepaid expenses and other assets:	(3,762)	(4,852)
Due from related entities:	7,144	(7,144)
Accounts payable and accrued expenses:	55,460	145,884
Accrued salary and other payroll related expenses:	172,600	62,033
Due to related entities:	49,121	95,664
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES:	<u>(2,656)</u>	<u>388,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment:	<u>(4,596)</u>	<u>(44,248)</u>
NET CASH USED IN INVESTING ACTIVITIES:	<u>(4,596)</u>	<u>(44,248)</u>
NET (DECREASE) INCREASE IN CASH:	<u>(7,252)</u>	<u>343,752</u>
CASH - BEGINNING OF PERIOD:	<u>343,752</u>	<u>—</u>
CASH - END OF PERIOD:	<u>\$ 336,500</u>	<u>\$ 343,752</u>

The accompanying notes are an integral part of these financial statements.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

1. NATURE OF THE ORGANIZATION

New Visions Charter High School for Advanced Math and Science (the "School") is a New York State not-for-profit educational corporation that was incorporated on December 14, 2010 to operate a Charter School pursuant to Article 56 of the Education Law of the State of New York. The School, led by the Board of Trustees, has received a charter from The Charter Schools Institute - State University of New York ("SUNY - CSI") to operate a charter school in the State of New York pursuant to certain terms and conditions set forth in its approved Charter Application and Charter Agreement dated November 19, 2010. The School endeavors to extend equally to all students, regardless of their previous academic history, the highest quality education in an atmosphere of respect, responsibility and safety.

The School is exempt from Federal income tax under section 501(a) of the Internal Revenue Code ("IRC") as an organization described in Section 501(c)(3) of the IRC and a similar provision under New York State income tax laws. The School has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the IRC and qualifies for deductible contributions as provided in section 170(b)(1)(A)(ii) of the IRC.

In fiscal year 2013, the School operated classes for students in ninth and tenth grades.

The School shares space with a New York City public school and is not responsible for rent, utilities, custodial services, maintenance, and school safety. Approximately 7,467 feet of square footage is allocated to the School.

The New York City Department of Education ("NYCDOE") provides free lunches and transportation directly to a majority of the School's students.

2. SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The School's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The classification of the School's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions and requires that the amounts for each of the three classes of net assets, permanently restricted, temporarily restricted, and unrestricted, be displayed in the statement of financial position. The amounts of change in each of the classes of net assets are also required to be displayed in the statement of activities.

These classes are defined as follows:

Permanently Restricted – Net assets resulting from contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School.

Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by the School are limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the School pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

The School has no temporarily or permanently restricted net assets at June 30, 2013.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash – Restricted

Included in cash – restricted is an escrow account of \$50,032, which is held aside for contingency purposes as required by SUNY - CSI.

Grants Receivable

Grants receivable represent unconditional promises to give by donors. Grants receivable that are expected to be collected within one year and recorded at net realizable value amount to \$440,178 at June 30, 2013. The School has determined that no allowance for uncollectible accounts is necessary as of June 30, 2013. Such estimate is based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions.

Revenue Recognition

Revenue is recognized when the donor makes a promise to give to the School that is, in substance, unconditional. Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations. Restricted contributions and grants that are made to support the School's current year activities are recorded as unrestricted revenue. Contributions of assets other than cash are recorded at their estimated fair value.

Revenue from state and local governments resulting from the School's charter status and based on the number of students enrolled is recorded when services are performed in accordance with the charter agreement. Federal and state and local funds are recorded when expenditures are incurred and billable to the government agencies.

The School receives a substantial portion of its support and revenue from the NYCDOE. If the charter school laws were modified, reducing or eliminating these revenues, the School's finances could be materially adversely affected.

Net Assets

Unrestricted net assets consist of revenues derived from government agencies, public contributions and other revenues for youth education. These net assets account for resources over which the Board of Trustees has discretionary control to use in carrying on the operations of the School.

Donated Goods and Services

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Donated goods are recognized if the goods provide a benefit to the School and would have otherwise been purchased. In-kind goods were recognized at \$0 and \$5,717 for the periods ending June 30, 2013 and 2012, respectively.

One individual provided legal services to the School at no charge. The value of these services meets the criteria for recognition in the financial statements and was recorded at fair value of \$0 and \$12,477 for the periods ending June 30, 2013 and 2012, respectively.

Premises Provided by Government Authorities

The School does not record any in-kind contributions and related costs with respect to dedicated and shared space provided to it by the NYCDOE as the premises are temporary in nature, is excess shared space whereby a fair value cannot be determined, and is industry practice.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment and Depreciation

Purchased property and equipment are recorded at cost. Property and equipment acquired with certain government funding are recorded as expenses pursuant to the terms of the contract in which ownership of such property and equipment is retained by the funding source. Maintenance and repairs are expensed as they occur. Depreciation is provided on the straight line method over the estimated useful lives as follows:

Furniture & office equipment	3 years
Computer equipment	3 years

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of the proportionate share of instructional expenses and management and general. Management and general expense includes those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the School.

The costs of providing the various programs and other 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.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

The School has evaluated events through October 30, 2013, which is the date the financial statements were available to be issued.

Comparative Financial Information

The June 30, 2013 financial statements include certain prior year summarized comparative information in total but not by net asset class. In addition, only certain of the notes to the financial statements for June 30, 2012 are presented. As a result, the June 30, 2012 comparative information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such June 30, 2012 information should be read in conjunction with the School's financial statements for the period ended June 30, 2012, from which the summarized information was derived.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The School follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The School files an informational return in the United States federal jurisdiction. The School is subject to federal income tax examination by tax authorities for all fiscal years in which informational returns were filed.

The School believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts filed. Management believes that its nonprofit status would be sustained upon examination.

Should there be interest on underpayments of income tax, the School would classify it as "Interest Expense." The School would classify penalties in connection with underpayments of tax as "Other Expense."

3. GRANTS RECEIVABLE

Grants receivable consists of federal and state entitlements and grants. The School expects to collect these receivables within one year.

<u>June 30,</u>	<u>2013</u>	<u>2012</u>
DYCD Start up Grant	\$ -	\$ 109,425
School Improvement Grant	236,841	80,943
Charter School Planning Grant	77,004	46,266
Erate Reimbursement	27,488	44,159
Title I	98,845	36,878
Title II	-	3,234
	<u>\$ 440,178</u>	<u>\$ 320,905</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30:

	<u>2013</u>	<u>2012</u>
Computer equipment	\$ 35,203	\$ 35,203
Furniture and office equipment	13,641	9,045
	<u>48,844</u>	<u>44,248</u>
Less: accumulated depreciation	<u>(24,380)</u>	<u>(10,994)</u>
	<u>\$ 24,464</u>	<u>\$ 33,254</u>

Depreciation expense amounted to \$13,386 and \$10,994 for the periods ending June 30, 2013 and 2012, respectively.

NEW VISIONS CHARTER HIGH SCHOOL FOR ADVANCED MATH AND SCIENCE

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

5. RELATED PARTY TRANSACTIONS

The School is an affiliate of New Visions for Public Schools ("New Visions"), a not-for-profit organization dedicated to supporting public schools and helping to start and manage charter schools. Pursuant to the terms of the Educational Services Agreement by and between the School and New Visions dated July 22, 2011, New Visions shall provide educational management, operational services, and fundraising to the School. As compensation to New Visions for these services rendered, the School shall pay 8% of its Gross Revenues. Gross revenue shall be 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 School.

The balance due to New Visions from the School at June 30, 2013 amounted to \$144,785, which comprise the remaining portion of the management fees incurred by the School for the period ended June 30, 2013. Total management fees incurred by the School for the period ended June 30, 2013 totaled \$336,655.

For operational efficiency and purchasing power, the School also shares expenses with three other charter schools related by common management. At June 30, 2013 and 2012, the balance due from one of the charter schools was \$0 and \$7,144, respectively.

6. PENSION PLAN

The School maintains a pension plan qualified under Internal Revenue Code 403(b) plan (the "Plan") for the benefit of its eligible employees. The Plan is an elective contribution plan. Employees are eligible to enroll in the Plan once they have completed at least 1 full year of service and completion of 1,000 work hours and are also eligible for discretionary employer contributions. The School's contribution becomes fully vested after the sixth year of the employees' service. Pension expense for the periods ending June 30, 2013 and 2012 was \$74,125 and \$10,083, respectively, and is included in payroll taxes and employee benefits on the statement of functional expenses.

7. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; injuries to employees; and natural disasters. The School maintains commercial insurance to help protect itself from such risks.

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursements. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

8. CONCENTRATIONS

Financial instruments that potentially subject the school to a concentration of credit risk include cash accounts at a major financial institution that, at times, exceeded the Federal Deposit Insurance Corporation insured limits of \$250,000.

The School received approximately 80% and 70% of its total revenue from per pupil funding from NYCDOE during the periods ending June 30, 2013 and 2012, respectively.

The School's grants receivable consist of three major grantors accounting for approximately 94% and 74% at June 30, 2013 and 2012.

The School's payables consist of two major vendor accounting for approximately 53% at June 30, 2013. The School's payables consist of one major vendor accounting for approximately 48% at June 30, 2012.



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 Trustees
New Visions Charter High School for Advanced Math and Science

We have audited the financial statements of New Visions Charter High School for Advanced Math and Science (the "School") as of and for the year ended June 30, 2013, and have issued our report thereon dated October 30, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered New Visions Charter High School for Advanced Math and Science'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 New Visions Charter High School for Advanced Math and Science's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We noted certain matters that we reported to management of the School in a separate letter dated October 30, 2013.

This report is intended solely for the information and use of the audit committee, Board of Trustees, management, the New York State Education Department and the Board of Regents of the University of the State of New York and is not intended to be and should not be used by anyone other than these specified parties.

MBAF CPAs, LLC

New York, NY
October 30, 2013

New Visions Charter High School For Advanced Math and Science I

Communication With Those Charged With Governance

OCTOBER 30, 2013





October 30, 2013

To the Audit Committee
New Visions Charter High School for Advanced Math and Science

We have audited the financial statements of New Visions Charter High School for Advanced Math and Science (the "School") for the year ended June 30, 2013 and are prepared to issue our report thereon dated October 30, 2013. Professional standards require that we provide you with the following information related to our audit. This letter is divided into two sections: 1) required communications from the auditors to those with audit oversight responsibilities and 2) opportunities for strengthening internal controls or enhancing operating efficiency and our related recommendations.

REQUIRED COMMUNICATIONS

A. Our Responsibility under U.S. Generally Accepted Auditing Standards:

As stated in our engagement letter dated August 6, 2013, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of New Visions Charter High School for Advanced Math and Science. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

B. Planned Scope and Timing of the Audit:

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on May 13, 2013.

C. Auditor Independence:

We affirm that MBAF CPAs, LLC is independent with respect to New Visions Charter High School for Advanced Math and Science.

D. Qualitative Aspects of Accounting Practices:

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School are described in Note 2 to the financial statements. As described therein, the School elected to implement the application of an accounting pronouncement pertaining to accounting for uncertain tax positions. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

E. Accounting Estimates Used in the Financial Statements:

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Allowance for Doubtful Accounts:

As of June 30, 2013, New Visions Charter High School for Advanced Math and Science recorded contributions and other receivables of \$443,520. Management concluded that no allowance for doubtful accounts was necessary. Management calculated based on the assessment of the credit-worthiness of the School's donors, the aged basis of the receivables, as well as economic conditions and historical information. Based on our audit procedures which included a discussion with the Operations Director and a review of subsequent collections (which amounted to 94%) we concur with management's conclusion.

Functional Statement Allocation:

Management's estimate of the allocation of functional expenses is directly identified with the program or supporting service to which they relate. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Depreciation:

Management's estimate of depreciation is based on estimated useful lives of assets. We evaluated the estimated useful lives of assets in comparison to generally accepted accounting principles in determining that it is reasonable in relation to the financial statements taken as a whole.

F. Sensitive Disclosures Affecting the Financial Statements:

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

The disclosure of Risk Management in Note 7 to the financial statements which describes various risks to which the School is exposed.

G. Corrected and Uncorrected Misstatements:

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Except as made known to you, management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole. We will identify those adjustments proposed both corrected and uncorrected:

Proposed and Corrected:

There were 5 audit adjustments (including 2 report only changes and 2 reclassification adjustments) that decreased net assets by approximately \$97,000.

The most significant adjustment was:

- To decrease net assets by approximately \$97,000 to record the vacation accrual.

Proposed and Uncorrected:

There were no entries that were proposed and uncorrected during the fiscal year.

H. Audit Difficulties and Disagreements with Management:

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

I. Management Representations:

We have requested certain representations from management that are included in the management representation letter dated October 30, 2013.

J. Management Consultations with Other Independent Accountants:

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

K. Other Audit Findings or Issues:

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**OPPORTUNITIES FOR STRENGTHENING INTERNAL CONTROLS OR
ENHANCING OPERATING EFFICIENCY**

School Facility Lease Agreement:

Through conversations with the School's management, we have been informed that a formal written agreement between New Visions Charter High School for Advanced Math and Science and the Department of Education does not exist. We recommend that New Visions Charter High School for Advanced Math and Science periodically re-explore the risks of such a relationship.

We wish to thank management and personnel for their support and assistance during our audit. We would be pleased to further discuss the contents of this report with you at your convenience.

This information is intended solely for the use of the Audit Committee, Board of Trustees, and management of New Visions Charter High School for Advanced Math and Science and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

MBAF CPAs, LLC

MBAF CPA's, LLC