NEW VISIONS FOR PUBLIC SCHOOLS, INC.

Financial Statements

and

Supplementary Information

June 30, 2016

NEW VISIONS FOR PUBLIC SCHOOLS, INC.

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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, 2016, and the related statements of activities 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, 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, 2016, 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.

The accompanying schedule of functional expenses, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2017, 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.

March 24, 2017

NEW VISIONS FOR PUBLIC SCHOOLS, INC.
Statement of Financial Position
June 30, 2016

ASSETS

Cash and cash equivalents	$ 6,940,386
Cash held for others	284,887
Investments - at fair value (Notes 3 and 4)	20,293,790
Grants receivable, net (Notes 5 and 6)	19,819,844
Other receivables (Notes 7 and 14)	3,136,015
Prepaid expenses and other assets	289,717
Capital lease asset, net (Note 17)	5,833,039
Property and equipment, net (Note 8)	3,872,021
	$ 60,469,699

LIABILITIES AND NET ASSETS

Accounts payable and accrued expenses	$ 4,048,006
Accrued salary and related expenses (Note 17)	1,316,588
Grants payable, net (Note 9)	642,380
Deferred rent (Note 17)	87,018
Capital lease obligation (Note 17)	5,888,113
Agency funds held for others (Note 2)	285,215
	12,267,320
Commitments and contingencies (Notes 11 and 17)	
Net assets:	
Unrestricted	32,953,050
Temporarily restricted (Note 13)	15,249,329
Total net assets	48,202,379
	$ 60,469,699

See accompanying notes.

NEW VISIONS FOR PUBLIC SCHOOLS, INC.

Statement of Activities

For the Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Public support and revenue:			
Contributions and grants (Note 5)	$ 1,676,745	$ 20,407,418	$ 22,084,163
Contributed materials and services (Note 12)	144,568	27,141	171,709
Government grants	11,668	11,059,178	11,070,846
Investment return (Note 3)	(77,936)	-	(77,936)
Other income (Note 2)	30,157	-	30,157
Management fee income (Note 14)	3,750,128	-	3,750,128
Net assets released from restrictions	19,934,636	(19,934,636)	-
Total public support and revenue	25,469,966	11,559,101	37,029,067
Expenses:			
Program services:			
School creation	5,785,953	-	5,785,953
School support	8,785,385	-	8,785,385
Teaching and leadership development	7,382,383	-	7,382,383
Policy, research and innovation	936,233	-	936,233
	22,889,954	-	22,889,954
Supporting services:			
Management and general	2,858,769	-	2,858,769
Fundraising	620,794	-	620,794
	3,479,563	-	3,479,563
Total expenses	26,369,517	-	26,369,517
Change in net assets	(899,551)	11,559,101	10,659,550
Net assets, beginning of year	33,852,601	3,690,228	37,542,829
Net assets, end of year	$ 32,953,050	$ 15,249,329	$ 48,202,379

See accompanying notes.

NEW VISIONS FOR PUBLIC SCHOOLS, INC.
Statement of Cash Flows
For the Year Ended June 30, 2016

Cash flows from operating activities:	
Change in net assets	$ 10,659,550
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	355,080
Deferred rent	87,018
Investment losses, realized and unrealized, net	620,973
Loss on disposal of fixed assets	712,572
Change in assets and liabilities:	
Cash held for others	(14,699)
Grants receivable	(9,659,231)
Other receivables	(2,397,189)
Prepaid expenses and other assets	161,966
Accounts payable and accrued expenses	3,378,515
Accrued salary and related expenses	76,906
Grants payable, net	(259)
Deferred revenue	(5,535)
Agency funds held for others	15,027
Net cash provided by operating activities	3,990,694
Cash flows from investing activities:	
Purchase of property and equipment	(3,871,008)
Proceeds from sale of investments	8,967,557
Purchases of investments	(7,860,820)
Net cash used in investing activities	(2,764,271)
Net increase in cash and cash equivalents	1,226,423
Cash and cash equivalents, beginning of year	5,713,963
Cash and cash equivalents, end of year	$ 6,940,386

See accompanying notes.

Note 1 - Nature of Activities

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

New Visions is the largest education reform organization dedicated to improving the quality of education children receive in New York City's public schools. Working with the public and private sectors, New Visions develops programs and policies to energize teaching and learning and to raise the level of student achievement. New Visions plays many roles: broker, convener, facilitator, incubator, advocate for policy changes and resource provider. As of July 1, 2007, New Visions has served as a Partner Support Organization with the NYC Department of Education and at June 30, 2016, was responsible for over 46,000 students at seventy public schools. As of June 30, 2016, New Visions had educational services agreements with seven charter schools to provide academic, business and administrative services. The goal of New Visions is to ensure that all students have access to effective schools that enable them to graduate from high school fully prepared for college and career.

Program Descriptions

School Creation activities relate to expansion of its charter high school model in high-need neighborhoods of New York City. New Visions usually opens its charter schools in pairs, and phases them in one grade per year beginning with a ninth grade cohort. In the year ended June 30, 2016, New Visions operated seven charter high schools.

School Support includes coaching, instructional, operational and curriculum support to its network of seventy district schools and seven charter high schools. In addition, New Visions provides college access services to target schools as well as administers a college scholarship program for exceptional students graduating from its network.

The Teaching and Leadership Development Program works with New Visions' network of schools to improve the effectiveness and professional capacity of teachers and principals. Programs include new teacher preparation, instructional guidance related to common core standards, and leadership development for new and existing school leaders.

Note 1 - Nature of Activities (Continued)

Program Descriptions (Continued)

The Policy Research and Innovation Program works to improve the capacity of schools to use data and evidence to make instructional decisions. This includes building a data infrastructure to support schools in making evidence-based decisions and improving organizational knowledge base to disseminate best practices across New Visions' network of schools.

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 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. At June 30, 2016, the Organization had no permanently restricted net assets.

Unrestricted Net Assets

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

Temporarily Restricted Net Assets

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

Permanently Restricted Net Assets

Permanently restricted net assets is the class of net assets that is subject to donor-imposed stipulations that they be maintained permanently by an organization.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Revenue and Support Recognition

Contributions and grants received are recorded as unrestricted, temporarily restricted or permanently restricted support, 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Accordingly, expenses incurred are reported as decreases in unrestricted net assets.

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, 2016, 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 of 3% to act as a fiscal intermediary for third parties. This fee is included in other income on the statement of activities.

Note 2 - Summary of Significant Accounting Policies (Continued)

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 an informal 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. Construction in process is not depreciated until placed in service. Repairs and maintenance that do not improve or extend the lives of the property and equipment are charged to expense as incurred.

Agency Funds Held for Others

The Organization acts as fiscal agent for other entities. As a fiscal agent, the Organization holds cash on behalf of other entities, which is reported as a liability on the statement of financial position. As of June 30, 2016, the amount of funds held by New Visions for other parties was approximately $285,000.

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.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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, 2013 are no longer subject to examination. No returns or registrations are presently under examination by the relevant authorities.

Fair Value Measurements

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

Compensated Absences

The Organization allows for the carryover of unused paid time off (PTO) beyond the calendar year. At June 30, 2016, employees earn 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 $492,000 of PTO days was accrued.

Note 3 - Investments

Investments are comprised of the following at June 30, 2016:

	Fair Market Value
ETFs	$ 14,571,333
Mutual funds	5,722,457
	$ 20,293,790

For the year ended June 30, 2016, investment return consisted of the following:

Interest and dividend income	$ 543,037
Realized gains, net	633,363
Unrealized loss	(1,254,336)
	$ (77,936)

Note 4 - Fair Value Measurements

Fair value of assets measured on a recurring basis at June 30, 2016 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	$ 14,571,333	$ 14,571,333	$ -	$ -
Mutual funds	5,722,457	5,722,457	-	-
	$ 20,293,790	$ 20,293,790	$ -	$ -

There were no transfers between levels during the year ended June 30, 2016. 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.

Note 4 - Fair Value Measurements (Continued)

When available, New Visions measures fair value using Level 1 inputs, because they generally provide the most reliable evidence of fair value. The fair value of New Visions' investments, consisting of investments in ETFs and mutual funds, is measured entirely by using Level 1 inputs - the market price (or net asset value) at year-end.

For the year ended June 30, 2016, the investments in ETFs consisted of the following:

Blended funds	$ 7,526,223
International stocks	1,869,879
Fixed income funds	5,126,438
Other funds	48,793
	$ 14,571,333

Note 5 - Concentration of Credit Risk and Major Grantors

Cash and Cash Equivalents

As of June 30, 2016, 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, 2016, 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, 2016, two government grantors and two foundations accounted for approximately 67% of total contributions and grants. These grantors accounted for approximately 67% of the Organization's outstanding grants receivable at June 30, 2016.

Note 6 - Grants Receivable

As of June 30, 2016, New Visions has grants receivable as follows:

Due within 1 year	$ 12,278,336
Due years 2 through 5	7,634,853
	19,913,189
Present value discount (at rates varying from 0.64% to 1.63%)	(93,345)
Grants receivable, net	$ 19,819,844

Note 7 - Other Receivables

As of June 30, 2016, New Visions has other receivables as follows:

Due from landlord	$ 2,104,290
Due from Charter Schools	1,011,793
Miscellaneous receivables	19,932
	$ 3,136,015

Note 8 - Property and Equipment

At June 30, 2016, property and equipment consists of:

		Estimated Useful Life
Computer equipment	$ 295,032	3 to 5 years
Furniture and fixtures	764,767	3 to 4 years
Software	11,716	3 to 5 years
Construction in process	45,790	
Leasehold improvements	2,956,905	Lesser of lease term or
	4,074,210	estimated useful life
Less: Accumulated depreciation and amortization	(202,189)	
	$ 3,872,021	

Note 9 - Grants Payable

As of June 30, 2016, New Visions has recorded grants payable as follows:

Payable within 1 year	$ 286,475
Payable years 2 through 4	360,000
	646,475
Present value discount (at rates varying from .11% to 1%)	(4,095)
Grants payable, net	$ 642,380

Note 10 - Advertising Expenses

Advertising expenses are charged to operations in the period in which they are incurred. Advertising expense for the year ended June 30, 2016 was approximately $78,000.

Note 11 - 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, 2016, the Organization contributed an amount equal to 8% of employee compensation. New Visions' contribution expense for the year ended June 30, 2016 was approximately $841,000.

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 12 - 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.

Note 12 - Contributed Materials and Services (Continued)

The Organization received contributed materials (books and other items) during the year ended June 30, 2016 with a fair value on the dates of donation of $30,444.

The Organization received contributed professional services during the year ended June 30, 2016 with a fair value on the dates of donation of $141,265.

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 13 - Net Assets - Temporarily Restricted

Temporarily restricted net assets at June 30, 2016 consisted of the following:

Purpose restrictions:	
School support	$ 7,984,780
School creation	342,853
Teaching and leadership development	1,899,397
Policy, research and innovation	22,299
	10,249,329
Time restrictions	5,000,000
	$ 15,249,329

Note 14 - Management Agreement

The Organization manages seven charter schools within the New York City area at June 30, 2016.

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, 2016, New Visions earned approximately $3,750,000 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, 2016 amounted to approximately $812,000, which is included in other receivables on the accompanying statement of financial position. One of the schools was also given a short-term interest free loan of $200,000, which is due July 31, 2016 and is included in other receivables on the 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 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 16 - Related Party Transactions

The Organization received donated consulting and legal services from an entity whose board member is also Chairman of the Board for New Visions.

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 generally accepted accounting principles, 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.

The Agreement includes a ground rent charge at $35.59 per square foot to be paid annually over the life of the Agreement. In accordance with generally accepted accounting principles, the ground rent was accounted for as an operating lease on a straight-line basis. As of June 30, 2016, there is deferred rent of approximately $87,000.

Note 17 - Commitments and Contingencies (Continued)

Leases (Continued)

Future minimum payments are as follows for the years ending after June 30, 2016:

	Capital Lease	Ground Rent	Total
2017	$ 109,579	$ 536,181	$ 645,760
2018	328,729	1,072,362	1,401,091
2019	328,729	1,072,362	1,401,091
2020	328,729	1,072,362	1,401,091
2021	328,729	1,072,362	1,401,091
2022-2043	16,136,145	23,194,159	39,330,304
	17,560,640	28,019,788	45,580,428
Less: Amount representing interest	11,672,527	-	11,672,527
	$ 5,888,113	$ 28,019,788	$ 33,907,901

Other 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.

Deferred Compensation

During the year ended June 30, 2008, the Organization established a deferred compensation arrangement for the benefit of its President, requiring annual accruals at a percentage of the officer's compensation as called for under the terms of the contract. At June 30, 2016, deferred compensation of approximately $819,000 is included in accrued salary and related expenses on the statement of financial position. The agreement contains, among other things, provisions for vesting and termination.

Note 18 - Subsequent Events

The Organization has evaluated subsequent events through March 24, 2017, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

NEW VISIONS FOR PUBLIC SCHOOLS, INC.
(Supplementary Information)
Schedule of Functional Expenses
For the Year Ended June 30, 2016
(Unaudited)

	Program Services					Supporting Services			
	School Creation	School Support	Teaching and Leadership Development	Policy, Research and Innovation	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries and related expenses:									
Salaries	$ 3,286,990	$ 4,573,299	$ 3,030,293	$ 342,046	$ 11,232,628	$ 1,789,577	$ 347,696	$ 2,137,273	$ 13,369,901
Employee retirement and health benefits	548,176	726,473	427,120	60,432	1,762,201	257,198	56,524	313,722	2,075,923
Payroll taxes	256,322	359,117	236,294	29,236	880,969	130,406	27,274	157,680	1,038,649
Total salaries and related expenses	4,091,488	5,658,889	3,693,707	431,714	13,875,798	2,177,181	431,494	2,608,675	16,484,473
Other expenses:									
Grants	40,069	425,071	1,884,234	-	2,349,374	-	-	-	2,349,374
Consulting and professional fees	496,444	1,085,688	888,484	283,694	2,754,310	181,887	57,832	239,719	2,994,029
Occupancy costs	368,640	522,283	287,355	42,851	1,221,129	163,051	52,521	215,572	1,436,701
Printing and stationery	47,297	32,150	-	4,787	84,234	-	-	-	84,234
Supplies	81,720	212,299	80,241	85,374	459,634	85,778	19,422	105,200	564,834
Travel and conferences	287,428	352,767	165,152	29,925	835,272	55,222	12,616	67,838	903,110
Postage and shipping	35,259	7,627	4,166	1,523	48,575	2,995	1,336	4,331	52,906
Telecommunication	36,380	45,403	25,125	1,639	108,547	15,687	1,794	17,481	126,028
Equipment rental and maintenance	12,777	18,023	9,913	1,504	42,217	5,656	1,822	7,478	49,695
Insurance	14,602	20,737	11,221	1,641	48,201	7,206	2,058	9,264	57,465
Miscellaneous	39,434	48,529	33,671	13,656	135,290	48,854	14,872	63,726	199,016
Total other expenses	1,460,050	2,770,577	3,389,562	466,594	8,086,783	566,336	164,273	730,609	8,817,392
Total expenses before depreciation and amortization and loss on disposal of fixed assets	5,551,538	8,429,466	7,083,269	898,308	21,962,581	2,743,517	595,767	3,339,284	25,301,865
Depreciation and amortization	78,066	118,522	99,631	12,625	308,844	37,987	8,249	46,236	355,080
Loss on disposal of fixed assets	156,349	237,397	199,483	25,300	618,529	77,265	16,778	94,043	712,572
Total expenses	$ 5,785,953	$ 8,785,385	$ 7,382,383	$ 936,233	$ 22,889,954	$ 2,858,769	$ 620,794	$ 3,479,563	$ 26,369,517

See independent auditor's report.

NEW VISIONS FOR PUBLIC SCHOOLS, INC.
(Supplementary Information)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Federal Grantor/Program Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Education		
State Fiscal Stabilization Fund - Investing in Innovation (I3) Fund - Validation	84.411B	$ 3,086,156
State Fiscal Stabilization Fund - Investing in Innovation (I3) Fund - Development	84.411C	71,911
Total for CFDA 84.411		3,158,067
Teacher Quality Partnership	84.336S	1,434,800
Total Expenditures of Federal Awards		$ 4,592,867

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 fiscal year ended June 30, 2016. 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* (the "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 contained 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-percent de minimis indirect cost rate allowed under the Uniform Guidance.

REPORTING UNDER GOVERNMENT AUDITING STANDARDS

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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, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2017.

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.

March 24, 2017

REPORTING UNDER THE UNIFORM GUIDANCE

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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, 2016. 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, 2016.

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

March 24, 2017

NEW VISIONS FOR PUBLIC SCHOOLS, INC.
(Supplementary Information)
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

	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:	
84.411B	State Fiscal Stabilization Fund - Investing in Innovation (I3) Fund - Validation
84.336S	Teacher Quality Partnership
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.