

**THE NEW AMERICA SCHOOLS NETWORK**

**FINANCIAL STATEMENTS**

**June 30, 2016 and 2015**

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## JOHN CUTLER & ASSOCIATES

Board of Directors  
The New America Schools Network  
Denver, Colorado

### **Independent Auditors' Report**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of The New America Schools Network, which comprise the statements of financial position as of June 30, 2016 and 2015, 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 the 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 audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The New America Schools Network as of June 30, 2016 and 2015, 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**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements. The statements of functional expenses listed in the table of contents 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 statement of functional expenses is fairly stated in all material respects in relation to the financial statements as a whole.

*John Luttrell & Associates, LLC*

December 9, 2016

THE NEW AMERICA SCHOOLS NETWORK

STATEMENT OF FINANCIAL POSITION

June 30, 2016 and 2015

<b>ASSETS</b>	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 2,333	\$ 13,704
Accounts Receivable	15,000	300
Construction Receivable - Arizona	119,237	-
	<u>136,570</u>	<u>14,004</u>
Total Current Assets		
	<u>136,570</u>	<u>14,004</u>
<b>TOTAL ASSETS</b>	<u>\$ 136,570</u>	<u>\$ 14,004</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 19,247	\$ 4,000
Intercompany Payable	136,872	22,049
	<u>156,119</u>	<u>26,049</u>
Total Current Liabilities		
	<u>156,119</u>	<u>26,049</u>
 <b>NET ASSETS</b>		
Unrestricted	(19,549)	(38,254)
Temporarily Restricted	-	26,209
	<u>(19,549)</u>	<u>(12,045)</u>
Total Net Assets		
	<u>(19,549)</u>	<u>(12,045)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 136,570</u>	<u>\$ 14,004</u>

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

THE NEW AMERICA SCHOOLS NETWORK

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Membership Fees	\$ 70,000	\$ -	\$ 70,000
Consulting Revenue - PSA	120,000	-	120,000
Private Foundation Contributions	50,000	-	50,000
Individual Contributions	125	-	125
Net Assets Released from Restriction	26,209	(26,209)	-
	<u>266,334</u>	<u>(26,209)</u>	<u>240,125</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>			
	<u>266,334</u>	<u>(26,209)</u>	<u>240,125</u>
<b>EXPENSES</b>			
Program Services	199,992	-	199,992
<b>Supporting Services</b>			
General and Administrative	47,637	-	47,637
	<u>47,637</u>	<u>-</u>	<u>47,637</u>
Total Supporting Services	47,637	-	47,637
	<u>47,637</u>	<u>-</u>	<u>47,637</u>
<b>TOTAL EXPENSES</b>	<u>247,629</u>	<u>-</u>	<u>247,629</u>
<b>CHANGE IN NET ASSETS</b>	18,705	(26,209)	(7,504)
<b>NET ASSETS, Beginning</b>	<u>(38,254)</u>	<u>26,209</u>	<u>(12,045)</u>
<b>NET ASSETS, Ending</b>	<u>\$ (19,549)</u>	<u>\$ -</u>	<u>\$ (19,549)</u>

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

THE NEW AMERICA SCHOOLS NETWORK

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>			
Membership Fees	\$ 70,000	\$ -	\$ 70,000
Consulting Revenue - PSA	120,000	-	120,000
Private Foundation Contributions	43,791	26,209	70,000
Individual Contributions	800	-	800
Net Assets Released from Restriction	-	-	-
	<u>234,591</u>	<u>26,209</u>	<u>260,800</u>
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>			
	<u>234,591</u>	<u>26,209</u>	<u>260,800</u>
<b>EXPENSES</b>			
Program Services	<u>260,768</u>	-	<u>260,768</u>
<b>Supporting Services</b>			
General and Administrative	16,174	-	16,174
Fundraising	<u>2,385</u>	-	<u>2,385</u>
Total Supporting Services	<u>18,559</u>	-	<u>18,559</u>
<b>TOTAL EXPENSES</b>	<u>279,327</u>	-	<u>279,327</u>
<b>CHANGE IN NET ASSETS</b>	(44,736)	26,209	(18,527)
<b>NET ASSETS, Beginning</b>	<u>6,482</u>	-	<u>6,482</u>
<b>NET ASSETS, Ending</b>	<u>\$ (38,254)</u>	<u>\$ 26,209</u>	<u>\$ (12,045)</u>

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

THE NEW AMERICA SCHOOLS NETWORK

STATEMENT OF CASH FLOWS

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (7,504)	\$ (18,527)
Adjustments to Reconcile Changes in Net Assets to Net Cash Used by Operating Activities		
(Increase) Decrease in Accounts Receivable	(14,700)	5,981
Increase in Construction Receivable	(119,237)	-
Increase in Accounts Payable	15,247	4,000
Increase in Intercompany Payable	<u>114,823</u>	<u>22,049</u>
<b>Net Cash Provided by Operating Activities</b>	<u>(11,371)</u>	<u>13,503</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(11,371)	13,503
<b>CASH, Beginning</b>	<u>13,704</u>	<u>201</u>
<b>CASH, Ending</b>	<u><u>\$ 2,333</u></u>	<u><u>\$ 13,704</u></u>

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



THE NEW AMERICA SCHOOLS NETWORK

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization – New Americas Schools Network (the “Organization”) was incorporated in 2010 for the purpose of developing and operating public charter schools. The Organization’s mission is to “empower new immigrants and English language learners with the educational tools and support they need to maximize their potential, succeed, and live their American dream”. The Organization is recognized as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code.

Basis of Reporting – The Organization’s financial statements have been prepared using generally accepted accounting principles for non-profit organizations and the accrual basis of accounting.

Financial Statement Presentation – The Organization reports its financial position and activities in three classes of net assets; unrestricted, temporarily restricted and permanently restricted. As of June 30, 2016, the Organization did not have any permanently restricted net assets.

Cash and Cash Equivalents – For the financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable – Accounts Receivable consist of pledges receivable and receivables from member schools and related parties. At June 30, 2016, management has not recorded an allowance for doubtful accounts. The Organization writes off accounts receivable to the allowance account after reasonable collection efforts have been made. Payments subsequently received are recorded as revenue.

Contributions – Contributions received as well as collectible unconditional promises to give are recognized in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. Support that is restricted by the donor is reported as unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

Temporary restricted net assets are reclassified to unrestricted net assets when the donor restriction is satisfied. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

THE NEW AMERICA SCHOOLS NETWORK

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016 and 2015

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Income Tax Status – The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Estimates – Preparation of the Organization’s financial statements in conformity with generally accepted accounting principles requires the use of management’s estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events – The management of Organization has performed an evaluation of subsequent events through December 9, 2016, and has considered any relevant matters in the preparation of the financial statements.

**NOTE 2: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of donations designated for the Organization’s school expansion in the amount of \$0 and \$26,209 for the years ended June 30, 2016 and June 30, 2015, respectively.

**NOTE 3: RELATED PARTIES**

The Organization has accounts payable with the New America School Non-Profit of \$136,872 and \$22,049 for the years ended June 30, 2016 and June 30, 2015, respectively.

In addition, the Organization has reported a construction receivable in the amount of \$119,237 for costs paid by the Organization related to the expansion of New America Schools in Arizona.

**SUPPLEMENTARY INFORMATION**

THE NEW AMERICA SCHOOLS NETWORK

STATEMENT OF FUNCTIONAL EXPENSES

June 30, 2016

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
New Mexico Expense	\$ 29,582	\$ -	\$ -	\$ 29,582
Consulting Hours	108,469	-	-	108,469
Arizona Expense	36,797	-	-	36,797
NAS Network Meeting	20,936	-	-	20,936
Travel, Registration, and Entrance	-	912	-	912
Consultant Services	975	-	-	975
Nevada Expense	1,000	-	-	1,000
Insurance Premiums	-	1,388	-	1,388
Audit Services	-	8,250	-	8,250
Legal Services	-	31,620	-	31,620
Charitable Contributions	-	500	-	500
Food	2,233	-	-	2,233
Student Recruitment	-	390	-	390
Technical Services	-	120	-	120
Dues and Fees	-	4,457	-	4,457
	<u>\$ 199,992</u>	<u>\$ 47,637</u>	<u>\$ -</u>	<u>\$ 247,629</u>
TOTALS				

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

THE NEW AMERICA SCHOOLS NETWORK

STATEMENT OF FUNCTIONAL EXPENSES

June 30, 2015

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
New Mexico Expense	\$ 84,527	\$ -	\$ -	\$ 84,527
Consulting Hours	64,295	-	-	64,295
Arizona Expense	51,610	-	-	51,610
NAS Network Meeting	21,565	-	2,385	23,950
Travel, Registration, and Entrance	17,492	1,967	-	19,459
Consultant Services	15,790	-	-	15,790
Nevada Expense	4,756	-	-	4,756
Insurance Premiums	-	4,014	-	4,014
Audit Services	-	4,000	-	4,000
Legal Services	-	2,051	-	2,051
Charitable Contributions	-	1,350	-	1,350
Food	-	1,226	-	1,226
Mileage Reimbursement	-	1,176	-	1,176
Student Recruitment	733	-	-	733
Technical Services	-	290	-	290
Other Supplies	-	100	-	100
TOTALS	<u>\$ 260,768</u>	<u>\$ 16,174</u>	<u>\$ 2,385</u>	<u>\$ 279,327</u>

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