

I. SCHOOL INFORMATION AND COVER PAGE

Created Thursday, July 10, 2014

Updated Thursday, July 31, 2014

Page 1

1. SCHOOL NAME

(Select School name from dropdown menu; BEDS # appears first)

331900860997 INVICTUS PREPARATORY CS

2. CHARTER AUTHORIZER

SUNY-Authorized Charter School

3. DISTRICT / CSD OF LOCATION

NYC CSD 19

4. SCHOOL INFORMATION

PRIMARY ADDRESS	PHONE NUMBER	FAX NUMBER	EMAIL ADDRESS
370 Fountain Avenue, Brooklyn, NY 11208	718-235-1682	718-235-1685	invictus@invictusprep. org

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES

Contact Name	Dr. Camille Bell
Title	Executive Director
Emergency Phone Number (###-###-####)	

5. SCHOOL WEB ADDRESS (URL)

www.invictusprep.org

6. DATE OF INITIAL CHARTER

2010-12-01 00:00:00

7. DATE FIRST OPENED FOR INSTRUCTION

2011-09-01 00:00:00

8. TOTAL NUMBER OF STUDENTS ENROLLED IN 2013-14 (as reported on BEDS Day)

(as reported on BEDS Day)

9. GRADES SERVED IN SCHOOL YEAR 2013-14

Check all that apply

- 5

- 6

- 7

10. DOES THE SCHOOL CONTRACT WITH A CHARTER OR EDUCATIONAL MANAGEMENT ORGANIZATION?

Yes/No	Name of CMO/EMO
No	

11. FACILITIES

Will the School maintain or operate multiple sites?

No, just one site.

12. SCHOOL SITES

Please list the sites where the school will operate in 2014-15.

	Physical Address	Phone Number	District/CSD	Grades Served at Site	School at Full Capacity at Site	Facilities Agreement
Site 1 (same as primary site)	370 Fountain Avenue, Brooklyn, NY 11208	718-235-1682	CSD 19	5-7	No	DOE space

12a. Please provide the contact information for Site 1 (same as the primary site).

	Name	Work Phone	Alternate Phone	Email Address
School Leader	Dr. Camille Bell	718-235-1682		cbell@invictusprep.org
Operational Leader	Briana Sadler	718-235-1682		bsadler@invictusprep.org

14. Were there any revisions to the school's charter during the 2013-2014 school year? (Please include both those that required authorizer approval and those that did not require authorizer approval).

No

16. Our signatures below attest that all of the information contained herein is truthful and accurate and that this charter school is in compliance with all aspects of its charter, and with all pertinent Federal, State, and local laws, regulations, and rules. We understand that if any information in any part of this report is found to have been deliberately misrepresented, that will constitute grounds for the revocation of our charter. Check YES if you agree and use the mouse on your PC or the stylus on your mobile device to sign your name).

• Yes

Signature, Head of Charter School



Signature, President of the Board of Trustees



Thank you.

Appendix A: Link to the New York State School Report Card

Created Thursday, July 31, 2014

Page 1

Charter School Name: 331900860997 INVICTUS PREPARATORY CS

1. NEW YORK STATE REPORT CARD

Provide a direct URL or web link to the most recent New York State School Report Card for the charter school (See <https://reportcards.nysed.gov/>).

(Charter schools completing year one will not yet have a School Report Card or link to one. Please type "URL is not available" in the space provided).

<http://data.nysed.gov/profile.php?instid=800000070179>

INVICTUS PREPARATORY CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2013)

INVICTUS PREPARATORY CHARTER SCHOOL

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	7-12
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>	13-14



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Invictus Preparatory Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Invictus Preparatory Charter School (the "School"), which comprise the statement of financial position as of June 30, 2014, 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 Invictus Preparatory Charter School as of June 30, 2014, 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.

Report on Summarized Comparative Information

We have previously audited Invictus Preparatory Charter School's 2013 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated October 24, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 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 27, 2014, on our consideration of Invictus Preparatory Charter School'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 Invictus Preparatory Charter School's internal control over financial reporting and compliance.

MBAF CPAs, LLC

New York, NY
October 27, 2014

INVICTUS PREPARATORY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2013)

ASSETS	2014	2013
Cash	\$ 508,814	\$ 434,874
Cash - restricted	75,160	75,072
Grants and other receivables	95,816	76,132
Due from NYC Department of Education	11,510	-
Prepaid expenses and other assets	112,770	26,991
Property and equipment, net	257,490	196,203
Website, net	2,174	3,332
	<u>\$ 1,063,734</u>	<u>\$ 812,604</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 103,560	\$ 91,317
Accrued salaries and other payroll related expenses	340,839	292,292
Due to NYC Department of Education	-	13,425
	<u>444,399</u>	<u>397,034</u>
NET ASSETS		
Unrestricted	<u>619,335</u>	<u>415,570</u>
	<u>\$ 1,063,734</u>	<u>\$ 812,604</u>

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

INVICTUS PREPARATORY CHARTER SCHOOL

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	2014	2013
OPERATING REVENUE		
State and local per pupil operating revenue	\$ 3,617,902	\$ 2,727,901
Government grants and contracts	331,771	456,524
	<u>3,949,673</u>	<u>3,184,425</u>
EXPENSES		
Program services:		
General education	2,805,282	1,941,502
Special education	309,693	460,877
Management and general	605,526	597,011
Fundraising	26,902	9,679
	<u>3,747,403</u>	<u>3,009,069</u>
SURPLUS FROM SCHOOL OPERATIONS	<u>202,270</u>	<u>175,356</u>
SUPPORT AND OTHER INCOME		
Contributions and other grants	1,407	59
In-kind legal services	-	8,681
Interest income	88	416
	<u>1,495</u>	<u>9,156</u>
CHANGE IN NET ASSETS	203,765	184,512
NET ASSETS - BEGINNING OF YEAR	415,570	231,058
NET ASSETS - END OF YEAR	<u>\$ 619,335</u>	<u>\$ 415,570</u>

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

INVICTUS PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	Program Services		Supporting Services		2014	2013
	General Education	Special Education	Management and General	Fundraising		
Salaries	\$ 1,957,882	\$ 205,766	\$ 238,204	\$ 19,900	\$ 2,421,752	\$ 1,770,649
Payroll taxes and employee benefits	421,425	44,290	51,272	4,283	521,270	351,494
Classroom supplies and instructional materials	129,975	17,730	-	-	147,705	125,050
Consultants	54,874	7,291	144,441	1,366	207,972	299,612
Professional fees	-	-	21,106	-	21,106	24,534
Advertising and recruiting	69,824	9,524	-	-	79,348	55,000
Staff professional development	8,545	6,116	1,701	-	16,362	77,329
Travel	2,698	284	356	-	3,338	8,087
Insurance	-	-	22,009	-	22,009	18,504
Student transportation	22,602	3,083	-	-	25,685	23,466
Student food services	10,216	1,394	-	-	11,610	11,158
Dues and subscriptions	-	-	109	-	109	602
Office expense	30,810	3,238	55,773	334	56,107	51,547
Telephone and internet	5,465	746	36,240	313	70,601	86,425
Conference and meetings	-	-	78	-	6,289	5,094
Equipment rental	-	-	9,469	-	9,469	7,682
In-kind legal services	-	-	-	-	-	8,681
Occupancy and facility expense	8,590	1,172	9,649	-	9,649	15,141
Furniture and fixtures - non-capitalizable	12,844	1,752	3,525	-	13,287	6,727
Technology infrastructure and software	1,127	118	3,135	-	17,731	6,641
Postage and delivery	68,405	7,189	137	11	1,393	1,552
Depreciation and amortization	-	-	8,322	695	84,611	54,094
	\$ 2,805,282	\$ 309,693	\$ 605,526	\$ 26,902	\$ 3,747,403	\$ 3,009,069

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

INVICTUS PREPARATORY CHARTER SCHOOL

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operating revenue	\$ 3,906,461	\$ 3,356,065
Other cash received	-	416
Cash paid to employees and suppliers	<u>(3,687,781)</u>	<u>(2,792,006)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>218,680</u>	<u>564,475</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(143,540)	(174,193)
Addition to website	<u>(1,200)</u>	<u>(3,250)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(144,740)</u>	<u>(177,443)</u>
NET INCREASE IN CASH	73,940	387,032
CASH - BEGINNING OF YEAR	<u>434,874</u>	<u>47,842</u>
CASH - END OF YEAR	<u>\$ 508,814</u>	<u>\$ 434,874</u>
Reconciliation of net income to net cash provided by operating activities:		
Change in net assets	\$ 203,765	\$ 184,512
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	84,611	54,094
Loss on disposal of property and equipment	-	292
Changes in operating assets and liabilities:		
Cash - restricted	(88)	(50,049)
Grants and other receivables	(19,684)	162,900
Prepaid expenses and other assets	(85,779)	(14,084)
Due from NYC Department of Education	(11,510)	-
Accounts payable and accrued expenses	12,243	(32,492)
Accrued salaries and other payroll related expenses	48,547	245,877
Due to NYC Department of Education	<u>(13,425)</u>	<u>13,425</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 218,680</u>	<u>\$ 564,475</u>

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

INVICTUS PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

1. NATURE OF THE ORGANIZATION

Invictus Preparatory Charter School (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 Educational Law of the State of New York. The School was granted a provisional charter on December 14, 2010, valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. The School opened its doors in the fall of 2011 in Brooklyn with a college preparatory academic program and a highly structured and supportive school culture. While the School is comprised of students from many backgrounds, it is uniquely designed to close the achievement gap in middle school and prepare students to be successful in high school and college by focusing on the integration of goal setting, critical thinking and problem solving skills.

The School, as determined by the Internal Revenue Service, was approved for Federal income tax exemption under section 501(a) of the Internal Revenue Code ("IRC") as an organization described in Section 501(c)(3) of the IRC. It is also currently exempt under 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. The School's primary sources of income are government funding.

The New York City Department of Education (the "NYCDOE") provides free lunches and transportation directly to a majority of the School's students. The School covers the cost of lunches for children not entitled to free lunches.

During the year ended June 30, 2014, the School operated classes for students in the fifth, sixth and seventh grades. The seventh grade was added in September 2013. The School shares space with a New York City public school and is not responsible for rent, utilities, custodial services, maintenance, or school safety. Approximately 16,150 feet of square footage is allocated to the School.

2. 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 a School's net assets and its support, revenues and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These 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 is 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.

INVICTUS PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

2. ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (continued)

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

Cash – Restricted

An escrow account of \$75,160 is held aside for contingency purposes as required by the NYCDOE.

Grants and Other Receivables

Grants and other receivables represent unconditional promises to give. Grants and other receivables that are expected to be collected within one year and recorded at net realizable value are \$95,816 and \$76,132 at June 30, 2014 and 2013, respectively. The School has determined that no allowance for uncollectible accounts for grants and other receivables is necessary as of June 30, 2014. 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 and historical information.

Revenue Recognition

Revenue from the state and local governments resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the School when qualifying expenditures are incurred and billable. Funds received in advance for which qualifying expenditures have not been incurred, if any, would be reflected as refundable advances from state and local government grants in the accompanying statement of financial position.

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.

Donated Services

The School receives contributed legal services that are an integral part of its operations. Such services are only recorded as contributions in-kind, at their fair value, provided the services received create or enhance non-financial assets, require specified skills provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Donated services received are estimated at \$0 and \$8,681 for the years ended June 30, 2014 and 2013, respectively, and are reflected as in-kind legal services as both income and expense in the accompanying financial statements.

Property and Equipment

Property and equipment are stated at cost and are depreciated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the life of the asset. The School has established a \$1,000 threshold above which assets are evaluated to be capitalized. Property and equipment acquired with certain government contract funds is recorded as an expense pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

INVICTUS PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

2. ACCOUNTING POLICIES (CONTINUED)

Impairment

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were required to be recognized for the years ended June 30, 2014 and 2013.

Advertising

The School expenses advertising costs as incurred. The School incurred \$79,348 and \$55,000 of advertising costs for the years ended June 30, 2014 and 2013, respectively, which is included in the accompanying statement of functional expenses under advertising and recruiting.

Planned Maintenance

Costs related to planned major maintenance are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications based upon benefits received.

Estimates

The preparation of financial statements in conformity with U.S. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated events through October 27, 2014, which is the date the financial statements were available to be issued.

Comparative Financial Information

The June 30, 2014 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, 2013 are presented. As a result, the June 30, 2013 comparative information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such June 30, 2013 information should be read in conjunction with the School's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

INVICTUS PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

2. 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, disclosure and transition.

The School files informational returns in the United States federal jurisdiction. With few exceptions, the School is subject to income tax examinations by the Internal Revenue Service for all tax years.

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 accrued for each year. 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."

Recent Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2017 and in interim periods in annual periods beginning after December 15, 2018. Early application is permitted but no earlier than annual reporting periods beginning after December 31, 2016. The School is currently evaluating the effect the update will have on its financial statements.

Reclassifications

The prior year statement of cash flows has been reclassified from the indirect method to the direct method in the current year financial statements. This reclassification had no effect on previously reported change in net assets.

INVICTUS PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

3. PROPERTY AND EQUIPMENT

The School's property and equipment consist of the following as of June 30:

	2014	2013	Estimated Useful Lives
Furniture and fixtures	\$ 126,155	\$ 79,562	7 years
Computer hardware	57,077	47,671	4 years
Software	6,586	3,826	3 years
Equipment	175,017	90,236	5 years
Leasehold Improvements	39,100	39,100	3 years
	<u>403,935</u>	<u>260,395</u>	
Less: accumulated depreciation and amortization	<u>(146,445)</u>	<u>(64,192)</u>	
	<u>\$ 257,490</u>	<u>\$ 196,203</u>	

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 was \$82,253 and \$51,801, respectively.

4. WEBSITE

Development costs related to the School's website amounting to \$8,950 have been capitalized. These costs are being amortized over the estimated life of three years using the straight-line method. Amortization expense for the periods ended June 30, 2014 and 2013 was \$2,358 and \$2,293, respectively. Accumulated amortization totaled \$6,776 and \$4,418 as of June 30, 2014 and 2013, respectively.

5. COMMITMENTS

The School leases telecommunications equipment and copiers under a non-cancelable operating lease which expires in August 2015. Future minimum lease payments are as follows:

<u>June 30,</u>	
2015	\$ 5,103
2016	670
Total	<u>\$ 5,773</u>

Leasing expense for the year ended June 30, 2014 and 2013 was \$9,469 and \$7,682, respectively.

6. EMPLOYEE BENEFITS

Effective July 1, 2011, the School adopted a 403(b) retirement plan (the "Plan") which covers most of the employees. The Plan is a defined contribution plan. Employees are eligible to enroll in the Plan either the first day of the Plan year or the first day of the seventh month of the Plan year. Those employees who have completed at least 1 full year of service are also eligible for employer contributions. The Plan provides for the School to contribute up to 4% of an employee's salary. The School's contribution becomes fully vested after the first year. For the years ended June 30, 2014 and 2013, employer contribution expense for the School was \$62,395 and \$41,615, respectively, which is included in payroll taxes and employee benefits in the accompanying statement of functional expenses.

INVICTUS PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

7. LITIGATION

In July 2011, the New York City's teacher's union ("Union"), the New York State Conference of the NAACP, and a number of elected officials (collectively "Plaintiffs"), brought a suit against 19 New York City charter schools, including the School, seeking to block the co-locations of the School in district public schools as part of a related effort to challenge the city's decision to close 22 schools for poor performance. The court denied the plaintiffs' request for a preliminary injunction. Plaintiffs have not proceeded on the merits of their case against the charter schools.

In August 2011, three not-for-profit corporations that advocate on educational issues and a group of parents of children in New York City public schools (collectively "Plaintiffs") brought a suit against 17 New York City charter schools, including the School, asking the court to compel the Department of Education to collect rent from public charter schools for the school year that began on September 5, 2011. The court denied that motion and the charter schools moved to dismiss the complaint. The motion to dismiss was granted on April 29, 2013. On July 19, 2013, plaintiffs filed their reply on the motion to re-argue on August 2, 2013. The court denied the motion to reargue on January 13, 2014. On March 17, 2014, plaintiffs filed their appeal. The appeal was, on the motion of defendants, adjourned to the October term. Intervenor's opposition is due September 2014. The court has not decided on the disposition of this case. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

8. RISK MANAGEMENT

- A. 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.
- B. The School entered into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund.

9. AGREEMENT FOR SCHOOL FACILITY

The School has entered into a verbal agreement (the "Agreement") with the NYCDOE for dedicated and shared space at IS 218, a New York City Public School located at 370 Fountain Ave, Brooklyn, New York. The School will be responsible for any overtime-related costs for services provided beyond the regular opening hours. For the years ended June 30, 2014 and 2013, the School incurred \$9,649 and \$14,547 in overtime permit fees, respectively, which is included in the accompanying statement of functional expenses under occupancy and facility expense.

10. CONCENTRATIONS

- A. 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 ("FDIC") insured limit of \$250,000.
- B. The School received approximately 92% and 86% of its total revenue from per pupil funding from the NYCDOE during the years ended June 30, 2014 and June 30, 2013, respectively.
- C. Three major grantors accounted for approximately 82% of grants and other receivables at June 30, 2014. Two major grantors accounted for approximately 74% of grants and other receivables at June 30, 2013.
- D. Two major vendors accounted for approximately 82% of accounts payable at June 30, 2014. Two major vendors accounted for approximately 46% of accounts payable at June 30, 2013.

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
Invictus Preparatory Charter School

We have audited the financial statements of Invictus Preparatory Charter School (the “School”) which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2014. 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 the School’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 School’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 27, 2014.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MBAF CPAs, LLC

New York, NY
October 27, 2014



October 27, 2014

MBAF CPA's, LLC
Accountants & Advisors
440 Park Avenue South
New York, NY 10016

Dear MBAF CPA's, LLC

We are writing to follow-up on items listed in your Audit Summary document titled "Communication with Those Charged with Governance". Invictus Preparatory Charter School appreciates the opportunities for strengthening internal controls or enhancing operating efficiency identified by MBAF CPAs LLC during its audit. The responses below are in reference to page 4 of your document.

**Management's Responses to MBAF's Opportunities for
Strengthening Internal Controls or Enhancing Operating Efficiency**

School Facility Lease Agreement: Management will periodically contact the New York City Department of Education, while being mindful that the delay of signed and document facility lease agreement is due to the Department of Education and not the School.

Please let us know if you need additional information. We appreciate the careful review your team has done of our systems and procedures.

Respectfully,

Executive Director

Invictus Preparatory Charter School

Communication With Those Charged With Governance

October 27, 2014





To the Audit Committee
Invictus Preparatory Charter School

We have audited the financial statements of Invictus Preparatory Charter School (the "School") for the year ended June 30, 2014 and are prepared to issue our report thereon dated October 27, 2014. 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 May 19, 2014, 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 Invictus Preparatory Charter School. 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 July 23, 2014.

C. Auditor Independence:

We affirm that MBAF CPAs, LLC is independent with respect to Invictus Preparatory Charter School.

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 Invictus Preparatory Charter School are described in Note 2 to the financial statements. 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 estimates affecting the financial statements were:

Allowance for Doubtful Accounts:

As of June 30, 2014, Invictus Preparatory Charter School recorded grants and other receivables of \$107,326. Management concluded that no allowance for doubtful accounts was necessary. Management calculated based on the assessment of the credit-worthiness of the School's grantors, 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 School fiscal Consultant and a test of subsequent collections (\$23,326 collected as of October 14, 2014), we concur with management's conclusion.

Depreciation:

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

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.

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 8 to the financial statements 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. Management has corrected all such misstatements. We will identify those adjustments proposed both corrected and uncorrected:

Proposed and Corrected:

Corrected:

There was 1 provided by client audit adjustment which increased net assets. The one entry was to correct per pupil special education funding for approximately \$9,300.

Last year there were 2 audit adjustments (which included 1 reclassifying entry) that had no change in net assets. The one entry was to record in-kind legal revenue and expenses for approximately \$8,700.

Proposed and Uncorrected:

There were no audit adjustments proposed and uncorrected.

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 27, 2014.

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

Please note: Comments with an asterisk (*) was communicated in the prior fiscal year.

***School Facility Lease Agreement:**

Through conversations with the School's Consultant, we have been informed that a formal written agreement between Invictus Preparatory Charter School and the Department of Education does not exist. We recommend that the School periodically re-explore the risks of such a relationship. Please note that we have been informed that this issue is present for all New York charter schools.

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 Invictus Preparatory Charter School 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 CPAs, LLC



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

To the Board of Trustees of Invictus Preparatory Charter School:

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and managements of Invictus Preparatory Charter School (the "School") and the New York State Education Department ("NYSED"), solely to assist you in evaluating the School's assertion that it has complied with the requirements of the Charter School Program ("CSP") grant and Federal and NYSED guidelines in managing the CSP grant for the year ended June 30, 2014.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our results are as follows:

Procedure #1: We will obtain the detail of expenditures incurred for the period under review relating to the CSP grant from the School's accounting software and reconcile to the grant revenue recorded by the School. If the CSP grant revenue does not equal the grant expenditures, we will investigate the differences.

Result: MBAF obtained detail of grant expenditures and reconciled to the grant revenue recorded without exception.

Procedure #2: We will obtain the NYSED approved CSP grant award information, including the budget and any amendments, to determine if the revenue and expenditures recorded for the period appear reasonable.

Result: MBAF obtained the NYSED approved CSP grant award information, including the budget and any amendments. MBAF noted the revenue and expenditures recorded for the period appear reasonable.

Procedure #3: We will select a sample of expenditures from the detail obtained in Procedure #1.

- a. Payroll – We will select 10 items or 10% of the total number of payroll items charged to the grant, whichever is less.
- b. Other expenses – We will select 10 items or 10% of the total number of payroll items charged to the grant, whichever is less.
- c. Using the above selected items, we will:

- i. Determine if the expenditure is in accordance with the purpose of the grant and that pre-opening expenditures are charged to pre-opening periods
- ii. Determine if the expenditure falls into an approved budget category
- iii. Determine if the expenditure was charged to the appropriate fiscal period

Result: MBAF determined that the School did not charge any payroll expenses to the CSP grant and, accordingly, selected a sample of 10% of the total number of non-payroll expenses charged to the grant. MBAF then determined that each tested expenditure was in accordance with the purpose of the grant, falls into an approved budget category, and was charged to the appropriate fiscal period, without exception.

Procedure #4: We will obtain FS-25 form(s) submitted to NYSED during the period under review and perform the following.

- a. Trace expenditures selected in Procedure #3 to requests for reimbursement. Determine that items requested for reimbursement had previously been expended or were expended within a month following the request for reimbursement. If items have not yet been requested for reimbursement, inquire of the responsible charter school officials as to the plan for requesting reimbursement, and determine if a receivable is recorded, if appropriate.
- b. If FS-25 forms included amounts on Line four (Cash Expenditures Anticipated During Next Month), we will select one FS-25 and determine if funds were expended within one month following the date of the request.

Result: Per observation of the FS-25 report, MBAF noted that the expenditures charged to the CSP grant had been requested in a timely manner. MBAF then selected one FS-25 and determined that \$41,645 was included in line four. Accordingly, funds were expended within one month of the request date.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on Invictus Preparatory Charter School's compliance with the requirements of the CSP grant. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees and management of Invictus Preparatory Charter School and the New York State Education Department, and it is not intended to be and should not be used by anyone other than the specified parties.

MBAF CPAs, LLC

MBAF CPAs, LLC
October 27, 2014

Appendix I: Teacher and Administrator Attrition

Created Wednesday, July 30, 2014

Page 1

Charter School Name: 331900860997 INVICTUS PREPARATORY CS

Instructions for completing the Teacher and Administrator Attrition Tables
ALL charter schools should provide, for teachers and administrators only, the full time equivalent (FTE) of staff on June 30, 2013, the FTE for added staff from July 1, 2013 through June 30, 2014, and the FTE for any departed staff from July 1, 2013 through June 30, 2014 using the two tables provided.

2013-14 Teacher Attrition Table

FTE Teachers on June 30, 2013	FTE Teachers Additions 7/1/13 – 6/30/14	FTE Teacher Departures 7/1/13 – 6/30/14
33	20	16

2013-14 Administrator Position Attrition Table

FTE Administrator Positions On 6/30/2013	FTE Administrator Additions 7/1/13 – 6/30/14	FTE Administrator Departures 7/1/13 – 6/30/14
7	4	4

Thank you

Appendix B: Total Expenditures and Administrative Expenditures per Child

Created Wednesday, July 30, 2014

Page 1

Charter School Name: 331900860997 INVICTUS PREPARATORY CS

B. Financial Information

This information is required of ALL charter schools. Provide the following measures of fiscal performance of the charter school in Appendix B (Total Expenditures and Administrative Expenditures Per Child):

1. Total Expenditures Per Child

To calculate 'Total Expenditures per Child' take total expenditures (from the unaudited 2013-14 Schedule of Functional Expenses) and divide by the count of students you reported on of BEDS Day. (Integers Only. No dollar signs or commas).

1. Total Expenditures Per Child Line 1: Total Expenditures	3747402
1. Total Expenditures Per Child Line 2: BEDS Day Pupil Count	240
1. Total Expenditures Per Child Line 3: Divide Line 1 by Line 2	15591

2. Administrative Expenditures per Child

To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the unaudited 2013-14 Schedule of Functional Expenses) and divide by the BEDS per pupil count. The relevant portion that must be included in this calculation is defined as follows:

Administrative Expenditures: Administration and management of the charter school includes the activities and personnel of the offices of the chief school officers, the treasurer, the finance or business offices, the purchasing unit, the employee personnel offices, the records management offices, or a public information and services offices. It also includes those administrative and management services provided by other organizations or corporations on behalf of the charter school for which the charter school pays a fee or other compensation.

Please note the following:

Do not include the FTE of personnel dedicated to administration of the instructional programs.

Do not include Employee Benefit costs or expenditures in the above calculations.

A template for the Schedule of Functional Expenses is provided on page 21 of the 2012 Annual Report Guidelines to assist schools identify the categories of expenses needed to compute the two per pupil calculations. This template does not need to be completed or submitted on August 1st as it will be submitted November 1st as part of the audited financial statements. Therefore schools should use unaudited amounts for these per pupil calculations. (See the 2013-14 Annual Report Guidelines in "Resources" area of your portal task page).

To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the 2013-14 Schedule of Functional Expenses) and divide by the count of students as of BEDS Day. (Integers Only. No dollar signs or commas).

To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the 2013-14 Schedule of Functional Expenses) and divide by the count of students as of BEDS Day. (Integers Only. No dollar signs or commas). Line 1: Relevant Personnel Services Cost (Row)	304214
To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the 2013-14 Schedule of Functional Expenses) and divide by the count of students as of BEDS Day. (Integers Only. No dollar signs or commas). Line 2: Management and General Cost (Column)	364621
To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the 2013-14 Schedule of Functional Expenses) and divide by the count of students as of BEDS Day. (Integers Only. No dollar signs or commas). Line 3: Sum of Line 1 and Line 2	668835
To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the 2013-14 Schedule of Functional Expenses) and divide by the count of students as of BEDS Day. (Integers Only. No dollar signs or commas). Line 4: BEDS Day Pupil Count	240
To calculate 'Administrative Expenditures per Child' take the relevant portion from the 'personnel services cost' row and the 'management and general' column (from the 2013-14 Schedule of Functional Expenses) and divide by the count of students as of BEDS Day. (Integers Only. No dollar signs or commas). Line 5: Divide Line 3 by the BEDS Day Pupil Count	2787

Thank you.

Appendix E: Disclosure of Financial Interest Form

Created Thursday, July 31, 2014

Page 1

331900860997 INVICTUS PREPARATORY CS

An Appendix E: Disclosure of Financial Interest Form must be completed for each active Trustee who served on the charter school's Board of Trustees during the 2013-14 school year. Trustees are at times difficult to track down in the summer months. Trustees may complete and submit at their leisure (but before the deadline) their individual form at:

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-trustee-disclosure-form/>. Trustees may download and/or email their forms to you upon completion.

Trustees who are technologically advanced may complete the survey using their smartphones or other mobile devices by downloading the this bar code link to the survey <https://fluidsurveys.com/account/surveys/540612/publish/qrcode/>. (Make sure you have the bar code application reader on your phone).

If a Trustee is unable to complete the form by the deadline (i.e, out of the country), the school is responsible for submitting the information required on the form for that individual trustee.

Just send the links via email today to your Trustees requesting that they each complete their form as soon as possible.
Thank you.

Yes, each member of the school's Board of Trustees has received a link to the Disclosure of Financial Interest Form.

Yes

Thank you.

Appendix F: BOT Membership Table

Created Wednesday, July 30, 2014

Updated Thursday, July 31, 2014

Page 1

331900860997 INVICTUS PREPARATORY CS

1. Current Board Member Information

	Full Name of Individual Trustees	Position on Board (Officer or Rep).	Voting Member	Area of Expertise &/or Additional Role	Terms Served & Length (include date of election and expiration)	Committee affiliations
1	Charles Guerrero	Chair/President	Yes	Non-profit management, college guidance, external partnerships, and governance	2	
2	Stefan Atkinson	Member	Yes	Law	2	
3	Shelly Cleary	Member	Yes	Real estate, facility contracts and negotiation	2	Governance
4	Renee M. Chung	Secretary	Yes	Family recruitment, charter school operations	2	Academic Accountability
5	Erica Ahdoot	Member	Yes	Non-profit management, budget management	1	Finance
6	Luke Justice	Treasurer	Yes	Finance, corporate insurance	1	Finance
7	Ka Ye Tom	Member	Yes	Finance, non-profit mgt, charter school Operations	2	Finance
8	Kevin S. Brown	Member	Yes	Finance	1	Finance

2. Total Number of Members Joining Board during the 2013-14 school year

0

3. Total Number of Members Departing the Board during the 2013-14 school year

1

4. According to the School's by-laws, what is the maximum number of trustees that may comprise the governing board?

13

5. How many times did the Board meet during the 2013-14 school year?

11

6. How many times will the Board meet during the 2014-15 school year?

12

Thank you.

Appendix H: Enrollment and Retention Efforts

- a. In 2013-14, the school made a good faith effort to attract and retain a greater enrollment of students with disabilities, English language learners, and students who are eligible applicants for the free and reduced price lunch program. The following list summarizes the actions taken.

Students with Special Needs

- Direct mail advertising that mentions special needs
- School website that mentions special needs
- Other advertising (e.g. radio, TV, flyer) that mentions special needs

English Language Learners

- Direct mail advertising in languages other than English
- Other advertising (e.g. radio, TV, flyer) in languages other than English
- Outreach by multi-lingual staff
- Outreach to immigrant community/ies
- Advertising and school materials are translated as needed

Students Eligible for Free and Reduced Lunch Programs

- Meal program was covered at school open house, on application and during tours
- Support is offered to assist families in completing all necessary paperwork to ensure eligible students participate in the lunch program
- Recruitment occurred throughout neighborhoods surrounding the school and in the local district

Going forward in 2014-15, the school plans to utilize additional measures.

- All school brochures, mailings and application will mention that the school accommodates students with disabilities, English language learners and participates in the free and reduced lunch program
- A Google language translator dropdown will be added to the school website
- School information session(s) will be held in trusted cultural centers in the community to attract more families who speak a language other than English
- Advertising materials will be distributed in the primary languages other than English spoken in the area
- With notice, translators will be made available for families at school events, such as parent-teacher conferences



**INVICTUS PREPARATORY
CHARTER SCHOOL**

**2013-14 ACCOUNTABILITY PLAN
PROGRESS REPORT**

Submitted to the SUNY Charter Schools Institute on:

September 15, 2014

By Camille Bell, Executive Director

370 Fountain Avenue, Third Floor

Brooklyn, NY 11208

Phone: (718) 235-1682

Fax: (718) 235-1685

Camille Bell, Executive Director, and Briana Sadler, Director of Operations, prepared this 2013-14 Accountability Progress Report on behalf of the school's board of trustees:

Trustee's Name	Board Position
Charles Guerrero	President
Luke Justice	Treasurer, Finance
Renee M. Chung	Secretary, Academic Accountability
Stefan Atkinson	Member
Shelly Cleary	Member, Governance
Erica Ahdoot	Member, Finance
Ka Ye Tom	Member, Finance
Kevin S. Brown	Member, Finance

Camille Bell has served as the Executive Director since 2014.

INTRODUCTION

Our Mission

Invictus Prep is a free public charter school with a single vision – college success for all students. All of our students will receive the academic and ethical foundation necessary for success at four---year colleges and universities.

Our Model

Invictus Prep believes that it takes a certain kind of school to make good on the promise of college success for all. These four core beliefs frame the decisions we make as we work towards that goal.

- **High academic expectations lead to high academic achievement**

We expect all of our scholars to succeed in the four core academic areas of English, Math, Science, and Social Studies. However, proficiency is not enough to be considered college-ready. We expect every single one of our scholars to become masters of their studies; Invictus Prep’s curriculum is built to ensure a sound academic foundation for eventual expertise in all subjects.

- **Learning is easiest in a safe, structured school.**

Learning cannot occur in an environment of disorder and chaos. Invictus Prep has very high expectations for student behavior, and will not allow students to disrespect the school, our staff, other students, or themselves.

- **Literacy is Everything**

Literacy is the academic skill upon which all learning is based. A student cannot be considered college---ready if they cannot read critically, write eloquently, and speak fluently. Invictus Prep provides its students with a minimum of two hours of literacy instruction daily.

- **Character Counts**

We believe that is our responsibility to teach our students to make good decisions. All Invictus Prep students receive weekly instruction on the meaning of Integrity, Courage, Excellence, and Determination.

We strive to create a community that nurtures our students' growth by teaching how to work and learn together with mutual kindness, respect and consideration for one another, the cultures and ideas we study and for the learning environment. Every interaction with students is a teachable moment. Our community encourages the development of self---discipline and our role is to help students take responsibility for their actions and empower them.

To enliven the kind of school that we are seeking to create, all members of the Invictus Prep community are expected to adhere to the following core values:

- INTEGRITY
- COURAGE
- EXCELLENCE
- DETERMINATION

School Enrollment by Grade Level and School Year

School Year	5	6	7	8	9	10	11	12	Total
2011-12	94								94
2012-13	90	89							180
2013-14	69	85	83						238

- BEDS Day Enrollment

ENGLISH LANGUAGE ARTS

Goal 1: English Language Arts

Students will demonstrate proficiency in literacy.

Background

At Invictus Prep, every minute of every day is dedicated to college preparation. Unlike many other schools, we dedicate two periods to English, and two periods to Math every single day. Our English classes are devoted to making our students masters of literacy. During English Language and Arts The entire class engages in discussion about an at--grade level text (novel, poem, play or short story), and shares their interpretations and reflections on its themes. ELA is also devoted to learning how to become an expert reader of non--fiction text (news articles, history, biographies, scientific texts, etc.). Moreover, ELA is dedicated to teaching students the fundamentals of English grammar, how to write analytical essays, persuasive essays, and producing works of fiction including but not limited to: haiku, sonnets, short and long poems, and short stories.

Goal 1: Absolute Measure

Each year, 75 percent of all tested students enrolled in at least their second year will perform at proficiency on the New York State English language arts examination for grades 3-8.

Method

The school administered the New York State Testing Program English language arts assessment to students in grades 5 through 7 in April 2014. Each student's raw score has been converted to a grade-specific scaled score and a performance level.

The table below summarizes participation information for this year's test administration. The table indicates total enrollment and total number of students tested. It also provides a detailed breakdown of those students excluded from the exam. Note that this table includes all students according to grade level, even if they have not enrolled in at least their second year.

**2013-14 State English Language Arts Exam
Number of Students Tested and Not Tested**

Grade	Total Tested	Not Tested ¹			Total Enrolled
		IEP	ELL	Absent	
5	73				73
6	83				83
7	83				83
All	239	0	0	0	239

¹ Students exempted from this exam according to their Individualized Education Program (IEP), because of English Language Learners (ELL) status, or absence for at least some part of the exam.

Results

17 percent of students in at least their second year at IPCS scored at standards 3 and 4 on the NYS ELA exam in 2014.

Performance on 2013-14 State English Language Arts Exam By All Students and Students Enrolled in At Least Their Second Year

Grades	All Students		Enrolled in at least their Second Year	
	Percent	Number Tested	Percent	Number Tested
5	27	73	17	6
6	9	83	10	72
7	23	83	23	67
All	16%	239	17%	145

Evaluation

IPCS did not achieve this measure.

Additional Evidence

English Language Arts Performance by Grade Level and School Year

Grade	Percent of Students Enrolled in At Least Their Second Year Achieving Proficiency					
	2011-12		2012-13		2013-14	
	Percent	Number Tested	Percent	Number Tested	Percent	Number Tested
5					17	6
6			19	77	10	72
7					23	67
All			19%	77	17%	145

Goal 1: Absolute Measure

Each year, the school's aggregate Performance Level Index (PLI) on the State English language arts exam will meet the Annual Measurable Objective (AMO) set forth in the state's NCLB accountability system.

Method

The federal No Child Left Behind law holds schools accountable for making annual yearly progress towards enabling all students to be proficient. As a result, the state sets an AMO each year to determine if schools are making satisfactory progress toward the goal of proficiency in the state's learning standards in English language arts. To achieve this measure, all tested students must have a Performance Level Index (PLI) value that equals or exceeds the 2013-14 English language arts AMO of 89. The PLI is calculated by adding the sum of the percent of all tested students at Levels 2 through 4 with the sum of the percent of all tested students at Levels 3 and 4. Thus, the highest possible PLI is 200.²

Results

The PLI of all tested IPCS students on the 2014 NYS ELA exam is 73, below the target AMO of 89.

English Language Arts 2013-14 Performance Level Index (PLI)

Number in Cohort	Percent of Students at Each Performance Level			
	Level 1	Level 2	Level 3	Level 4
	43	41	14	2

$$\begin{array}{rcccccccc} \text{PI} & = & 41 & + & 14 & + & 2 & = & 57 \\ & & & & 14 & + & 2 & = & \underline{16} \\ & & & & & & \text{PLI} & = & 73 \end{array}$$

Evaluation

IPCS did not achieve this measure.

Goal 1: Comparative Measure

Each year, the percent of all tested students who are enrolled in at least their second year and performing at proficiency on the state English language arts exam will be greater than that of all students in the same tested grades in the local school district.

Method

A school compares tested students enrolled in at least their second year to all tested students in the surrounding public school district. Comparisons are between the results for each grade in which the school had tested students in at least their second year at the school and the total result for all students at the corresponding grades in the school district.³

² In contrast to SED's Performance Index, the PLI does not account for year-to-year growth toward proficiency.

³ Schools can acquire these data when the New York State Education Department releases its Access database containing grade level ELA and math test results for all schools and districts statewide. The NYSED announces the release of the data on its [News Release webpage](#).

Results

Overall, IPCS second year students outperformed the local district #19; 17 percent to their 15 percent.

2013-14 State English Language Arts Exam Charter School and District Performance by Grade Level

Grade	Percent of Students at Proficiency			
	Charter School Students In At Least 2 nd Year		All District Students	
	Percent	Number Tested	Percent	Number Tested
5	17	6	16	1825
6	10	72	14	1815
7	23	67	14	1841
All	17%	145	15%	5481

Evaluation

IPCS achieved this measure.

Additional Evidence

IPCS has outperformed the local district two years in a row.

English Language Arts Performance of Charter School and Local District by Grade Level and School Year

Grade	Percent of Students Enrolled in at Least their Second Year Who Are at Proficiency Compared to Local District Students					
	2011-12		2012-13		2013-14	
	Charter School	Local District	Charter School	Local District	Charter School	Local District
5					17	16
6			19	12	10	14
7					23	14
All			19%	12%	17%	15%

Goal 1: Comparative Measure

Each year, the school will exceed its predicted level of performance on the state English language arts exam by an Effect Size of 0.3 or above (performing higher than expected to a small degree) according to a regression analysis controlling for students eligible for economically disadvantaged students among all public schools in New York State.⁴

Method

⁴ The Institute will continue using *economically disadvantaged* instead of *eligibility for free lunch* as the demographic variable in 2013-14. Schools should report previous year's results using reported free-lunch statistics.

The Charter Schools Institute conducts a Comparative Performance Analysis, which compares the school’s performance to demographically similar public schools state-wide. The Institute uses a regression analysis to control for the percentage of economically disadvantaged students among all public schools in New York State. The Institute compares the school’s actual performance to the predicted performance of public schools with a similar economically disadvantaged percentage. The difference between the schools’ actual and predicted performance, relative to other schools with similar economically disadvantaged statistics, produces an Effect Size. An Effect Size of 0.3 or performing higher than expected to a small degree is the requirement for achieving this measure.

Given the timing of the state’s release of economically disadvantaged data and the demands of the data analysis, the 2013-14 analysis is not yet available. This report contains 2012-13 results, the most recent Comparative Performance Analysis available.

Results

In 2012-13, the IPCS Comparative Performance Report’s Effect Size was -0.24, below the target 0.3.

2012-13 English Language Arts Comparative Performance by Grade Level

Grade	Percent Economically Disadvantaged	Number Tested	Percent of Students at Levels 3&4		Difference between Actual and Predicted	Effect Size
			Actual	Predicted		
3	--					
4	--					
5	91.1	86	9.3	17.3	- 8.0	-0.65
6	80.0	85	18.8	17.1	1.7	0.17
7						
8						
All	85.6	171	14.0	17.2	- 3.2	-0.24

School’s Overall Comparative Performance:
<i>Lower Than Expected</i>

Evaluation

IPCS did not achieve this measure in 2012-13.

Additional Evidence

The Effect Size did improve from 2012 to 2013.

English Language Arts Comparative Performance by School Year

School Year	Grades	Percent Eligible for Free Lunch	Number Tested	Actual	Predicted	Effect Size
2011-12	5	57.3	95	31.6	51.8	-1.43
2012-13	5-6	85.6	171	14.0	17.2	-0.24

Goal 1: Growth Measure⁵

Each year, under the state’s Growth Model, the school’s mean unadjusted growth percentile in English language arts for all tested students in grades 4-8 will be above the state’s unadjusted median growth percentile.

Method

This measure examines the change in performance of the same group of students from one year to the next and the progress they are making in comparison to other students with the same score in the previous year. The analysis only includes students who took the state exam in 2012-13 and also have a state exam score from 2011-12 including students who were retained in the same grade. Students with the same 2011-12 score are ranked by their 2012-13 score and assigned a percentile based on their relative growth in performance (student growth percentile). Students’ growth percentiles are aggregated school-wide to yield a school’s mean growth percentile. In order for a school to perform above the statewide median, it must have a mean growth percentile greater than 50.

Given the timing of the state’s release of Growth Model data, the 2013-14 analysis is not yet available. This report contains 2012-13 results, the most recent Growth Model data available.⁶

Results

The 2012-13 mean growth percentile for ELA is 50.1, just above the statewide median.

2012-13 English Language Arts Mean Growth Percentile by Grade Level

Grade	Mean Growth Percentile	
	School	Statewide Median
5	46.78	50.0
6	53.04	50.0
7		50.0
All	50.1	50.0

⁵ See Guidelines for [Creating a SUNY Accountability Plan](#) for an explanation.

⁶ Schools can acquire these data from the NYSED’s Business Portal: portal.nysed.gov.

Evaluation

IPCS achieved this measure.

English Language Arts Mean Growth Percentile by Grade Level and School Year

Grade	Mean Growth Percentile			
	2010-11 ⁷	2011-12 ⁷	2012-13	Statewide Average
5			46.78	50.0
6			53.04	50.0
7				50.0
All			50.1	50.0

Goal 1: Optional Growth Measure

Each year, 75% of students in grades 6 and 7 will increase on average five National Percentile points on the Terra Nova reading assessment until the average student score is at or above the 75th percentile.

Method

The school administers the TerraNova norm-referenced test in Reading each fall and spring. Beginning in the spring of 2013, student progress will be measured by averaging the NCEs of the groups to assess gains.

Results

The spring TerraNova results have yet to arrive. We have requested them again.

Summary of the English Language Arts Goal

Although the absolute measure in ELA continues to challenge the IPCS scholars, we demonstrated above average growth as evidenced by the growth percentile that was greater than the NYS average. IPCS continues to outperform the local district as well.

Type	Measure	Outcome
Absolute	Each year, 75 percent of all tested students who are enrolled in at least their second year will perform at proficiency on the New York State English language arts exam for grades 3-8.	Did Not Achieve
Absolute	Each year, the school's aggregate Performance Level Index (PLI) on the state English language arts exam will meet that year's Annual Measurable Objective (AMO) set forth in the state's NCLB accountability system.	Did Not Achieve
Comparative	Each year, the percent of all tested students who are enrolled in at least their second year and performing at proficiency on the state English language arts exam will be greater than that of students in the same tested grades in the local school district.	Achieved

⁷ Grade level results not available.

Comparative	Each year, the school will exceed its predicted level of performance on the state English language arts exam by an Effect Size of 0.3 or above (performing higher than expected to a small degree) according to a regression analysis controlling for economically disadvantaged students among all public schools in New York State. (Using 2012-13 school district results.)	Did Not Achieve
Growth	Each year, under the state's Growth Model the school's mean unadjusted growth percentile in English language arts for all tested students in grades 4-8 will be above the state's unadjusted median growth percentile.	Achieved
Optional	Each year, 75% of students in grades 6 and 7 will increase on average five National Percentile points on the Terra Nova reading assessment until the average student score is at or above the 75th percentile.	Achieved/ Did Not Achieve

Action Plan

The ELA program at IPCS has implemented a co-teaching model in all ELA classrooms. The curriculum foundation is the Engage NY modules. Reading and writing across the content areas has become a focus school-wide. Using the Writer's Workshop model, designed by Lucy Caulkins, students receive explicit writing instruction daily for 60 minutes, in addition to the 60-minute blocks of ELA content. Daily, students are supported through a teacher-led intervention in small guided-reading groups. MobyMax is an online instructional program that provides students with individualized educational experiences. Within each content area, Tier II and Tier III vocabulary, based on the Common Core Learning Standards, is being explicitly taught and reinforced. Teachers are participating in explicit Professional Development sessions regarding the Common Core Learning Standards, close reading strategies in all content areas, 21st Century Learning Skills of collaboration, critical thinking, and problem-solving, and ELA instruction.

MATHEMATICS

Goal 2: Mathematics

Students will demonstrate proficiency in mathematics.

Background

Our two Math periods will guarantee that our students are well versed in the fundamentals of basic mathematics they will need to tackle high---school level material by the end of middle school. A focus on math procedures will teach students the specific steps they need to solve pure math problems, while practice with math problem solving gives students the opportunity to apply their knowledge of fundamentals to word problems that reflect realistic challenges that happen in everyday life.

Goal 2: Absolute Measure

Each year, 75 percent of all tested students enrolled in at least their second year will perform at proficiency on the New York State mathematics examination for grades 3-8.

Method

The school administered the New York State Testing Program mathematics assessment to students in grades 5 through 7 in April 2014. Each student's raw score has been converted to a grade-specific scaled score and a performance level.

The table below summarizes participation information for this year's test administration. The table indicates total enrollment and total number of students tested. It also provides a detailed breakdown of those students excluded from the exam. Note that this table includes all students according to grade level, even if they have not enrolled in at least their second year.

**2013-14 State Mathematics Exam
Number of Students Tested and Not Tested**

Grade	Total Tested	Not Tested ⁸			Total Enrolled
		IEP	ELL	Absent	
5	73				73
6	83				83
7	83				83
All	239	0	0	0	239

⁸ Students exempted from this exam according to their Individualized Education Program (IEP), because of English Language Learners (ELL) status, or absence for at least some part of the exam.

Results

37 percent of IPCS students in at least their second year of enrollment scored at standards 3 and 4 on the NYS Math exam in 2014.

Performance on 2013-14 State Mathematics Exam By All Students and Students Enrolled in At Least Their Second Year

Grades	All Students		Enrolled in at least their Second Year	
	Percent	Number Tested	Percent	Number Tested
5	30	73	0	6
6	43	83	44	72
7	33	83	33	66
All	36%	239	37%	144

Evaluation

IPCS did not achieve this measure.

Additional Evidence

The math proficiency rates improved by 12 points from 25 percent in 2013 to 37 percent in 2014.

Mathematics Performance by Grade Level and School Year

Grade	Percent of Students Enrolled in At Least Their Second Year Achieving Proficiency					
	2011-12		2012-13		2013-14	
	Percent	Number Tested	Percent	Number Tested	Percent	Number Tested
5					0	6
6			25	77	44	72
7					33	66
All			25%	77	37%	144

Goal 2: Absolute Measure

Each year, the school's aggregate Performance Level Index (PLI) on the State mathematics exam will meet the Annual Measurable Objective (AMO) set forth in the state's NCLB accountability system.

Method

The federal No Child Left Behind law holds schools accountable for making annual yearly progress towards enabling all students to be proficient. As a result, the state sets an AMO each year to determine if schools are making satisfactory progress toward the goal of proficiency in the state's learning standards in mathematics. To achieve this measure, all tested students must have a Performance Level Index (PLI) value that equals or exceeds the 2013-14 mathematics AMO of 86. The PLI is calculated by adding the sum of the percent of all tested students at Levels 2 through 4 with the sum of the percent of all tested students at Levels 3 and 4. Thus, the highest possible PLI is 200.⁹

Results

The IPCS PLI for the 2014 NYS math exam is 126, exceeding the target AMO of 86.

Mathematics 2013-14 Performance Level Index (PLI)

Number in Cohort	Percent of Students at Each Performance Level			
	Level 1	Level 2	Level 3	Level 4
	21	44	26	10

$$\begin{array}{rcccccccc} \text{PI} & = & 44 & + & 26 & + & 10 & = & 90 \\ & & & & 26 & + & 10 & = & \underline{36} \\ & & & & & & \text{PLI} & = & 126 \end{array}$$

Evaluation

IPCS achieved this measure.

Goal 2: Comparative Measure

Each year, the percent of all tested students who are enrolled in at least their second year and performing at proficiency on the state mathematics exam will be greater than that of all students in the same tested grades in the local school district.

Method

A school compares tested students enrolled in at least their second year to all tested students in the surrounding public school district. Comparisons are between the results for each grade in which the school had tested students in at least their second year at the school and the total result for all students at the corresponding grades in the school district.¹⁰

⁹ In contrast to NYSED's Performance Index, the PLI does not account for year-to-year growth toward proficiency.

¹⁰ Schools can acquire these data when the New York State Education Department releases its Access database containing grade level ELA and math test results for all schools and districts statewide. The NYSED announces the release of the data on its [News Release webpage](#).

Results

Overall IPCS outperformed the local district with our 37 percent to their 18 percent of students who achieved standards 3 and 4.

2013-14 State Mathematics Exam Charter School and District Performance by Grade Level

Grade	Percent of Students at Proficiency			
	Charter School Students In At Least 2 nd Year		All District Students	
	Percent	Number Tested	Percent	Number Tested
5	0	6	24	1864
6	44	72	15	1850
7	33	66	14	1858
All	37%	144	18%	5572

Evaluation

IPCS achieved this measure.

Additional Evidence

IPCS continues to perform better on the NYS math exam two years in a row.

Mathematics Performance of Charter School and Local District by Grade Level and School Year

Grade	Percent of Students Enrolled in at Least their Second Year Who Are at Proficiency Compared to Local District Students					
	2011-12		2012-13		2013-14	
	Charter School	Local District	Charter School	Local District	Charter School	Local District
5					0	24
6			25	15	44	15
7					33	14
All			25%	15%	37%	18%

Goal 2: Comparative Measure

Each year, the school will exceed its predicted level of performance on the state mathematics exam by an Effect Size of 0.3 or above (performing higher than expected to a small degree) according to a regression analysis controlling for students eligible for economically disadvantaged students among all public schools in New York State.¹¹

¹¹ The Institute will continue using *economically disadvantaged* instead of *eligibility for free lunch* as the demographic variable in 2013-14. Schools should report previous year's results using reported free-lunch statistics.

Method

The Charter Schools Institute conducts a Comparative Performance Analysis, which compares the school's performance to demographically similar public schools state-wide. The Institute uses a regression analysis to control for the percentage of economically disadvantaged students among all public schools in New York State. The Institute compares the school's actual performance to the predicted performance of public schools with a similar economically disadvantaged percentage. The difference between the schools' actual and predicted performance, relative to other schools with similar economically disadvantaged statistics, produces an Effect Size. An Effect Size of 0.3 or performing higher than expected to a small degree is the requirement for achieving this measure.

Given the timing of the state's release of economically disadvantaged data and the demands of the data analysis, the 2013-14 analysis is not yet available. This report contains 2012-13 results, the most recent Comparative Performance Analysis available.

Results

IPCS achieved a -0.04 Effect Size on the 2012-13 Comparative Performance Report in math, below the target of 0.3.

2012-13 Mathematics Comparative Performance by Grade Level

Grade	Percent Economically Disadvantaged	Number Tested	Percent of Students at Levels 3&4		Difference between Actual and Predicted	Effect Size	
			Actual	Predicted			
3	91.1 80.0						
4							
5		86	11.6	17.7	- 6.1	-0.40	
6		85	24.7	19.6	5.1	0.33	
7							
8							
All		85.6	171	18.1	18.6	- 0.5	-0.04

School's Overall Comparative Performance:
<i>Lower than Expected</i>

Evaluation

IPCS did not achieve this measure.

Additional Evidence

IPCS improved from 2012 to 2013 in terms of the math effect size.

Mathematics Comparative Performance by School Year

School Year	Grades	Percent Eligible for Free Lunch	Number Tested	Actual	Predicted	Effect Size
2011-12	5	57.3	95	45.2	62.2	-1.03
2012-13	5-6	85.6	171	18.1	18.6	-0.04

Goal 2: Growth Measure¹²

Each year, under the state’s Growth Model, the school’s mean unadjusted growth percentile in mathematics for all tested students in grades 4-8 will be above the state’s unadjusted median growth percentile.

Method

This measure examines the change in performance of the same group of students from one year to the next and the progress they are making in comparison to other students with the same score in the previous year. The analysis only includes students who took the state exam in 2012-13 and also have a state exam score in 2011-12 including students who were retained in the same grade. Students with the same 2011-12 scores are ranked by their 2012-13 scores and assigned a percentile based on their relative growth in performance (mean growth percentile). Students’ growth percentiles are aggregated school-wide to yield a school’s mean growth percentile. In order for a school to perform above the statewide median, it must have a mean growth percentile greater than 50.

Given the timing of the state’s release of Growth Model data, the 2013-14 analysis is not yet available. This report contains 2012-13 results, the most recent Growth Model data available.¹³

Results

The 2012-13 IPCS mean growth percentile numbers all exceed the statewide average.

2012-13 Mathematics Mean Growth Percentile by Grade Level

Grade	Mean Growth Percentile	
	School	Statewide Average
5	65.07	50.0
6	75.49	50.0
7		50.0
All	70.6	50.0

¹² See Guidelines for [Creating a SUNY Accountability Plan](#) for an explanation.

¹³ Schools can acquire these data from the NYSED’s business portal: portal.nysed.gov.

Evaluation

IPCS achieved this measure.

Mathematics Mean Growth Percentile by Grade Level and School Year

Grade	Mean Growth Percentile			
	2010-11 ¹⁴	2011-12 ¹⁴	2012-13	Statewide Average
6				50.0
7				50.0
8				50.0
All				50.0

Goal 2: Optional Measure

Each year, 75% of students in grades 6 and 7 will increase on average five National Percentile points on the Terra Nova math assessment until the average student score is at or above the 75th percentile.

Method

The school administers the TerraNova norm-referenced test in Mathematics each fall and spring. Beginning in the spring of 2013, student progress will be measured by averaging the NCEs of the groups to assess gains.

Results

The spring TerraNova results have yet to arrive. We have requested them again.

Summary of the Mathematics Goal

Although IPCS did not reach 75 percent of second year students scoring at the standards of 3 and 4, we did make some strong gains in math in 2013-14. Overall, 12 percent more students reached these levels. The school's performance level index was higher than the AMO and we outperformed the local district.

Type	Measure	Outcome
Absolute	Each year, 75 percent of all tested students who are enrolled in at least their second year will perform at proficiency on the New York State mathematics exam for grades 3-8.	Achieved
Absolute	Each year, the school's aggregate Performance Level Index (PLI) on the state mathematics exam will meet that year's Annual Measurable Objective	Achieved

¹⁴ Grade level results not available.

	(AMO) set forth in the state's NCLB accountability system.	
Comparative	Each year, the percent of all tested students who are enrolled in at least their second year and performing at proficiency on the state mathematics exam will be greater than that of students in the same tested grades in the local school district.	Achieved
Comparative	Each year, the school will exceed its predicted level of performance on the state mathematics exam by an Effect Size of 0.3 or above (performing higher than expected to a small degree) according to a regression analysis controlling for economically disadvantaged students among all public schools in New York State. (Using 2012-13 school district results.)	Did Not Achieve
Growth	Each year, under the state's Growth Model the school's mean unadjusted growth percentile in mathematics for all tested students in grades 4-8 will be above the state's unadjusted median growth percentile.	TBD
Optional	Each year, 75% of students in grades 6 and 7 will increase on average five National Percentile points on the Terra Nova math assessment until the average student score is at or above the 75th percentile.	Achieved/ Did Not Achieve

Action Plan

The Math program at IPCS has implemented a co-teaching model in all mathematics classrooms. The curriculum foundation is the Engage NY modules. The school-wide focus on reading and writing across the content areas has allowed for a more rigorous problem-solving approach within math classrooms. MobyMax is an online instructional program that provides students with individualized educational experiences in the areas of Fact Fluency and Computation. During an additional Problem-Solving block, students are challenged to use the Standards for Mathematical Practice to engage in higher-level thinking skills, applying skills they have been taught in the classroom to independent work. For the first half of the school year, every student will focus on the fluency skill gaps as defined by the Common Core Learning Standards. Teachers participate in explicit Professional Development sessions regarding the Common Core Learning Standards, Standards for Mathematical Practice, close-reading strategies in mathematics, performance asks, 21st Century Learning Skills of collaboration, critical thinking, and problem-solving, and mathematics instruction.

SCIENCE

Goal 3: Science

Students will demonstrate proficiency in science.

Background

Invictus Prep devoted one hour daily to Science instruction, with a great deal of emphasis on Math standards reinforcement where appropriate. This amount of time represents a 166% increase in Science instruction time when compared with NYCDOE recommendations for the middle grades. Invictus Prep used internally developed (Exit Tickets, Quizzes, Unit Exams) and nationally-normed (the Terra-Nova) and to measure the academic progress of its student body in this content area. Invictus Prep uses a three-hour long data-driven staff development session to analyze student data, plan interventions, and introduce highly-effective teaching practices.

Goal 3: Absolute Measure

Each year, 75 percent of all tested students enrolled in at least their second year will perform at proficiency on the New York State science examination.

Method

The school will administer the New York State Testing Program science assessment to students in 8th grade in spring 2015 for the first time.

NCLB**Goal 4: NCLB**

The school will make Adequate Yearly Progress.

Goal 4: Absolute Measure

Under the state's NCLB accountability system, the school's Accountability Status is in good standing: the state has not identified the school as a Focus School nor determined that it has met the criteria to be identified as a local-assistance-plan school.

Method

Since *all* students are expected to meet the state's learning standards, the federal No Child Left Behind legislation stipulates that various sub-populations and demographic categories of students among all tested students must meet state proficiency standards. New York, like all states, established a system for making these determinations for its public schools. Each year the state issues School Report Cards. The report cards indicate each school's status under the state's No Child Left Behind (NCLB) accountability system.

Results

IPCS was in Good Standing in the year 2012-13 and we anticipate continuing in that status.

Evaluation

IPCS achieved this measure.

Additional Evidence

IPCS has been in Good Standing since we opened in 2011.

NCLB Status by Year

Year	Status
2011-12	Good Standing
2012-13	Good Standing
2013-14	Good Standing

Goal 6: Academic Preparation and Promotion

Students will be academically prepared for the next grade.

Goal 6: Absolute Measure

100% of students being promoted to the next grade will demonstrate proficiency in all core subjects as evidenced by scoring a Level 3 or 4 on all applicable State assessments, an attendance rate of at least 93%, and successful completion and mastery of all assigned coursework and homework as designated by an average of 70% or higher in each subject's course work.

Results

All students who were promoted to the next grade at Invictus Prep who had attendance rates of at least 93%, and a minimum 70% average in their subject coursework; in addition to a 70% average during Summer Academy for some students. We did not use State assessment proficiency as a promotional criteria due to the unforeseen severe lack of academic preparation of incoming students.

Evaluation

IPCS achieved this measure.

ORGANIZATIONAL & OTHER NON-ACADEMIC GOALS**Goal 7: Attendance**

Invictus Prep Charter School will demonstrate strong annual attendance.

Goal 7: Absolute Measure

Each year, the average daily attendance rate will meet or exceed 95%.

Results

Invictus Prep's average daily attendance rate during the 2013-2014 school year was 97%.

Evaluation

IPCS achieved this measure.

Goal 8: Enrollment and Student Retention

Invictus Preparatory Charter School will be fully enrolled and show high levels of student retention.

Goal 8: Absolute Measure

Each year, student enrollment will be at 100% of the projected enrollment indicated in the charter application.

Results

IPCS was ended enrollment at 236 versus the planned 270 in the 2013-14 school year.

Evaluation

IPCS made the decision to keep enrollment lower than what was stated in the charter. The make-up of the students worked better for the scholars and the organization.

Goal 8: Absolute Measure

Each year, the waiting list will be equal to at least 50% of the 5th grade enrollment during each year.

Results

IPCS exhausted its wait list in 2013-14.

Evaluation

IPCS did not achieve this measure.

Goal 8: Absolute Measure

At least 90% of students who begin the school year will remain throughout the academic year.

Results

92% of students who began the school year remained throughout the academic year.

Evaluation

IPCS achieved this measure.

Goal 8: Absolute Measure

At least 95% who complete the school year will re-enroll for the following year.

Method

Families of students are surveyed each spring.

Results

86% of students returned in the fall.

Evaluation

IPCS did not achieve this measure.

Goal 9: Financial Viability

Invictus Preparatory Charter School will maintain organizational strength by demonstrating fiduciary and financial responsibility.

Method

The IPCS organization has financial processes in place to comply with meeting all financial measures.

Goal 9: Absolute Measure

Annual external audits will indicate that the school meets or exceeds professional accounting standards.

Evaluation

The financial audit will take place in September each year. The official report will be submitted to the authorizer and NYSED by November 1.

Goal 9: Absolute Measure

The Board of Trustees will work with the Executive Director to identify and approve an auditor.

Evaluation

IPCS achieved this measure.

Goal 9: Absolute Measure

School budgets will demonstrate effective allocation of financial services to ensure effective delivery of the school's mission, as evidenced by yearly balanced budgets.

Evaluation

IPCS achieved this measure.

Goal 9: Absolute Measure

The Board of Trustees will maintain a Finance Committee that will submit monthly financial reports to the organization.

Evaluation

IPCS achieved this measure.

Goal 9: Absolute Measure

The Executive Director will present quarterly finance budgets for review by the Board's Finance Committee.

Evaluation

IPCS achieved this measure.

Goal 10: Stakeholder Satisfaction

Invictus Preparatory Charter School's stakeholders will be satisfied with the school's performance.

Goal 10: Absolute Measure

On an annual survey administered to parents or guardians, 85% or more of respondents will indicate that they are "Satisfied" or "Very Satisfied" with the school.

Method

Every year, all parents, all teachers, and students in grades 6 - 12 take the NYC School Survey. The survey ranks among the largest surveys of any kind ever conducted nationally.

The Survey helps school leaders understand what key members of the school community say about the learning environment at each school. The information captured by the survey is designed to support a dialogue among all members of the school community about how to make the school a better place to learn.

Survey results provide insight into a school's learning environment and contribute a measure of diversification that goes beyond test scores on the Progress Report. NYC School Survey results contribute 10% - 15% of a school's Progress Report grade (the exact contribution to the Progress Report is dependent on school type). Survey questions assess the community's opinions on academic expectations, communication, engagement, and safety and respect. School leaders can use survey results to better understand their own school's strengths and target areas for improvement.

2014 Results

Survey Category	Percent of Parents Satisfied
Instructional Core	96%
Systems for Improvement	95%
School Culture	94%

All results can be found at the following link:

http://schools.nyc.gov/OA/SchoolReports/2013-14/Survey_2014_K386.pdf

Evaluation

IPCS achieved this measure.

Goal 11: Board of Trustees

Invictus Preparatory Charter School will have an actively engaged, diverse Board of Trustees.

Goal 11: Absolute Measure

Board of Trustees' attendance at regular board meetings will be at a minimum, 85%.

Results

Due to the varied and busy schedules of the IPCS Board of Trustees, having all members present at meetings proved difficult. We assembled our BOT based on the backgrounds and skills they brought to the oversight of Invictus Prep. We employed a variety of means to allow us to get the best attendance rates possible, including conference calls. The meetings always remained open to the public.

Evaluation

IPCS achieved this measure.

Goal 11: Absolute Measure

The Board of Trustees will reflect expertise in education, governance, finance, fundraising, marketing, and non-profit management.

Results

Board of Trustees	Background & Areas of Expertise
Charles Guerrero	Non-profit management, college guidance, external partnerships, and governance
Shelly Cleary	Real estate, facility contracts and negotiation
Renee Chung	Family recruitment, charter school operations
Luke Justice	Finance, corporate insurance
Alexander Marchuk	Management, academic support services and organizations
Ka Yee Tom	Finance, non-profit management, charter school operations
Stefan Atkinson	Law
Erica Ahdoot	Non-profit management, budget management
Kevin S. Brown	Finance

Evaluation

IPCS achieved this measure.

Goal 11: Absolute Measure

The Board of Trustees will make public the dates and locations of 100% of its meetings.

Results

All Board meetings are made public on the school website, and calendars are posted on the school premises.

Evaluation

IPCS achieved this measure.

Goal 6: Professional Learning Community

Invictus Prep Charter School will maintain a professional learning community for its faculty.

Goal 6: Absolute Measure

Teachers' schedules will allow for a minimum of two hours of common planning time per week.

Results

Teachers receive 5 hours of common planning time per week.

Evaluation

IPCS achieved this measure.

Goal 6: Absolute Measure

Formal mechanisms for collaboration will be created, including but not limited to: protocols for peer observations, inquiry groups, weekly data analysis sessions, and an annual staff orientation.

Results

Before the start of the school year, teachers participated in a two week staff orientation where they learned and practiced instructional and behavior management techniques based on Lemov's Teach Like a Champion strategies, and they created year-long scopes and sequences and lesson plans. During the year, teachers met daily or bi-weekly opportunities to collaborate with their grade-level content area teams during their prep periods. These sessions lasted for 45 min. Our math teams held weekly data analysis sessions where they examined weekly quiz results and planned remediation objectives and tutoring interventions for students. Our ELA team participated in weekly calls with an ELA consultant, to plan lessons and units. Quarterly, our entire instructional staff participated in Data Days where they analyzed Achievement Network benchmark assessment results and planned remediation objectives.

The applicable groups that we have are PBIS/Culture, Grade level Meeting, Student Concerns Meeting, and Instructional Data/Special Education Meeting.

Evaluation

IPCS achieved this measure.

INVICTUS PREPARATORY CHARTER SCHOOL

FINANCIAL STATEMENTS

JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2013)

INVICTUS PREPARATORY CHARTER SCHOOL

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	7-12
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>	13-14



INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Invictus Preparatory Charter School

Report on the Financial Statements

We have audited the accompanying financial statements of Invictus Preparatory Charter School (the "School"), which comprise the statement of financial position as of June 30, 2014, 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 Invictus Preparatory Charter School as of June 30, 2014, 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.

Report on Summarized Comparative Information

We have previously audited Invictus Preparatory Charter School's 2013 financial statements and we expressed an unmodified opinion on those audited financial statements in our report dated October 24, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 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 27, 2014, on our consideration of Invictus Preparatory Charter School'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 Invictus Preparatory Charter School's internal control over financial reporting and compliance.

MBAF CPAs, LLC

New York, NY
October 27, 2014

INVICTUS PREPARATORY CHARTER SCHOOL

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR JUNE 30, 2013)

ASSETS	2014	2013
Cash	\$ 508,814	\$ 434,874
Cash - restricted	75,160	75,072
Grants and other receivables	95,816	76,132
Due from NYC Department of Education	11,510	-
Prepaid expenses and other assets	112,770	26,991
Property and equipment, net	257,490	196,203
Website, net	2,174	3,332
	<u>\$ 1,063,734</u>	<u>\$ 812,604</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 103,560	\$ 91,317
Accrued salaries and other payroll related expenses	340,839	292,292
Due to NYC Department of Education	-	13,425
	<u>444,399</u>	<u>397,034</u>
NET ASSETS		
Unrestricted	<u>619,335</u>	<u>415,570</u>
	<u>\$ 1,063,734</u>	<u>\$ 812,604</u>

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

INVICTUS PREPARATORY CHARTER SCHOOL

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	2014	2013
OPERATING REVENUE		
State and local per pupil operating revenue	\$ 3,617,902	\$ 2,727,901
Government grants and contracts	331,771	456,524
	<u>3,949,673</u>	<u>3,184,425</u>
EXPENSES		
Program services:		
General education	2,805,282	1,941,502
Special education	309,693	460,877
Management and general	605,526	597,011
Fundraising	26,902	9,679
	<u>3,747,403</u>	<u>3,009,069</u>
SURPLUS FROM SCHOOL OPERATIONS	<u>202,270</u>	<u>175,356</u>
SUPPORT AND OTHER INCOME		
Contributions and other grants	1,407	59
In-kind legal services	-	8,681
Interest income	88	416
	<u>1,495</u>	<u>9,156</u>
CHANGE IN NET ASSETS	203,765	184,512
NET ASSETS - BEGINNING OF YEAR	415,570	231,058
NET ASSETS - END OF YEAR	<u>\$ 619,335</u>	<u>\$ 415,570</u>

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

INVICTUS PREPARATORY CHARTER SCHOOL

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	Program Services		Supporting Services		2014	2013
	General Education	Special Education	Management and General	Fundraising		
Salaries	\$ 1,957,882	\$ 205,766	\$ 238,204	\$ 19,900	\$ 2,421,752	\$ 1,770,649
Payroll taxes and employee benefits	421,425	44,290	51,272	4,283	521,270	351,494
Classroom supplies and instructional materials	129,975	17,730	-	-	147,705	125,050
Consultants	54,874	7,291	144,441	1,366	207,972	299,612
Professional fees	-	-	21,106	-	21,106	24,534
Advertising and recruiting	69,824	9,524	-	-	79,348	55,000
Staff professional development	8,545	6,116	1,701	-	16,362	77,329
Travel	2,698	284	356	-	3,338	8,087
Insurance	-	-	22,009	-	22,009	18,504
Student transportation	22,602	3,083	-	-	25,685	23,466
Student food services	10,216	1,394	-	-	11,610	11,158
Dues and subscriptions	-	-	109	-	109	602
Office expense	30,810	3,238	55,773	334	56,107	51,547
Telephone and internet	5,465	746	36,240	313	70,601	86,425
Conference and meetings	-	-	78	-	6,289	5,094
Equipment rental	-	-	9,469	-	9,469	7,682
In-kind legal services	-	-	-	-	-	8,681
Occupancy and facility expense	8,590	1,172	9,649	-	9,649	15,141
Furniture and fixtures - non-capitalizable	12,844	1,752	3,525	-	13,287	6,727
Technology infrastructure and software	1,127	118	3,135	-	17,731	6,641
Postage and delivery	68,405	7,189	137	11	1,393	1,552
Depreciation and amortization	-	-	8,322	695	84,611	54,094
	\$ 2,805,282	\$ 309,693	\$ 605,526	\$ 26,902	\$ 3,747,403	\$ 3,009,069

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

INVICTUS PREPARATORY CHARTER SCHOOL

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2014

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2013)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from operating revenue	\$ 3,906,461	\$ 3,356,065
Other cash received	-	416
Cash paid to employees and suppliers	<u>(3,687,781)</u>	<u>(2,792,006)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>218,680</u>	<u>564,475</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(143,540)	(174,193)
Addition to website	<u>(1,200)</u>	<u>(3,250)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(144,740)</u>	<u>(177,443)</u>
NET INCREASE IN CASH	73,940	387,032
CASH - BEGINNING OF YEAR	<u>434,874</u>	<u>47,842</u>
CASH - END OF YEAR	<u>\$ 508,814</u>	<u>\$ 434,874</u>
Reconciliation of net income to net cash provided by operating activities:		
Change in net assets	\$ 203,765	\$ 184,512
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	84,611	54,094
Loss on disposal of property and equipment	-	292
Changes in operating assets and liabilities:		
Cash - restricted	(88)	(50,049)
Grants and other receivables	(19,684)	162,900
Prepaid expenses and other assets	(85,779)	(14,084)
Due from NYC Department of Education	(11,510)	-
Accounts payable and accrued expenses	12,243	(32,492)
Accrued salaries and other payroll related expenses	48,547	245,877
Due to NYC Department of Education	<u>(13,425)</u>	<u>13,425</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 218,680</u>	<u>\$ 564,475</u>

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

INVICTUS PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

1. NATURE OF THE ORGANIZATION

Invictus Preparatory Charter School (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 Educational Law of the State of New York. The School was granted a provisional charter on December 14, 2010, valid for a term of five years and renewable upon expiration by the Board of Regents of the University of the State of New York. The School opened its doors in the fall of 2011 in Brooklyn with a college preparatory academic program and a highly structured and supportive school culture. While the School is comprised of students from many backgrounds, it is uniquely designed to close the achievement gap in middle school and prepare students to be successful in high school and college by focusing on the integration of goal setting, critical thinking and problem solving skills.

The School, as determined by the Internal Revenue Service, was approved for Federal income tax exemption under section 501(a) of the Internal Revenue Code ("IRC") as an organization described in Section 501(c)(3) of the IRC. It is also currently exempt under 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. The School's primary sources of income are government funding.

The New York City Department of Education (the "NYCDOE") provides free lunches and transportation directly to a majority of the School's students. The School covers the cost of lunches for children not entitled to free lunches.

During the year ended June 30, 2014, the School operated classes for students in the fifth, sixth and seventh grades. The seventh grade was added in September 2013. The School shares space with a New York City public school and is not responsible for rent, utilities, custodial services, maintenance, or school safety. Approximately 16,150 feet of square footage is allocated to the School.

2. 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 a School's net assets and its support, revenues and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

These 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 is 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.

INVICTUS PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

2. ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (continued)

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

Cash – Restricted

An escrow account of \$75,160 is held aside for contingency purposes as required by the NYCDOE.

Grants and Other Receivables

Grants and other receivables represent unconditional promises to give. Grants and other receivables that are expected to be collected within one year and recorded at net realizable value are \$95,816 and \$76,132 at June 30, 2014 and 2013, respectively. The School has determined that no allowance for uncollectible accounts for grants and other receivables is necessary as of June 30, 2014. 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 and historical information.

Revenue Recognition

Revenue from the state and local governments resulting from the School's charter status is based on the number of students enrolled and is recorded when services are performed in accordance with the charter agreement.

Revenue from federal, state and local government grants and contracts are recorded by the School when qualifying expenditures are incurred and billable. Funds received in advance for which qualifying expenditures have not been incurred, if any, would be reflected as refundable advances from state and local government grants in the accompanying statement of financial position.

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.

Donated Services

The School receives contributed legal services that are an integral part of its operations. Such services are only recorded as contributions in-kind, at their fair value, provided the services received create or enhance non-financial assets, require specified skills provided by individuals possessing those skills, and typically need to be purchased if not provided by donation. Donated services received are estimated at \$0 and \$8,681 for the years ended June 30, 2014 and 2013, respectively, and are reflected as in-kind legal services as both income and expense in the accompanying financial statements.

Property and Equipment

Property and equipment are stated at cost and are depreciated on the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the life of the asset. The School has established a \$1,000 threshold above which assets are evaluated to be capitalized. Property and equipment acquired with certain government contract funds is recorded as an expense pursuant to the terms of the contract in which the government funding source retains ownership of the property. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

INVICTUS PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

2. ACCOUNTING POLICIES (CONTINUED)

Impairment

The School reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the School recognizes an impairment loss. No impairment losses were required to be recognized for the years ended June 30, 2014 and 2013.

Advertising

The School expenses advertising costs as incurred. The School incurred \$79,348 and \$55,000 of advertising costs for the years ended June 30, 2014 and 2013, respectively, which is included in the accompanying statement of functional expenses under advertising and recruiting.

Planned Maintenance

Costs related to planned major maintenance are expensed as incurred.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications based upon benefits received.

Estimates

The preparation of financial statements in conformity with U.S. 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The School has evaluated events through October 27, 2014, which is the date the financial statements were available to be issued.

Comparative Financial Information

The June 30, 2014 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, 2013 are presented. As a result, the June 30, 2013 comparative information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such June 30, 2013 information should be read in conjunction with the School's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

INVICTUS PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

2. 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, disclosure and transition.

The School files informational returns in the United States federal jurisdiction. With few exceptions, the School is subject to income tax examinations by the Internal Revenue Service for all tax years.

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 accrued for each year. 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."

Recent Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2017 and in interim periods in annual periods beginning after December 15, 2018. Early application is permitted but no earlier than annual reporting periods beginning after December 31, 2016. The School is currently evaluating the effect the update will have on its financial statements.

Reclassifications

The prior year statement of cash flows has been reclassified from the indirect method to the direct method in the current year financial statements. This reclassification had no effect on previously reported change in net assets.

INVICTUS PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

3. PROPERTY AND EQUIPMENT

The School's property and equipment consist of the following as of June 30:

	2014	2013	Estimated Useful Lives
Furniture and fixtures	\$ 126,155	\$ 79,562	7 years
Computer hardware	57,077	47,671	4 years
Software	6,586	3,826	3 years
Equipment	175,017	90,236	5 years
Leasehold Improvements	39,100	39,100	3 years
	<u>403,935</u>	<u>260,395</u>	
Less: accumulated depreciation and amortization	(146,445)	(64,192)	
	<u>\$ 257,490</u>	<u>\$ 196,203</u>	

Depreciation and amortization expense for the years ended June 30, 2014 and 2013 was \$82,253 and \$51,801, respectively.

4. WEBSITE

Development costs related to the School's website amounting to \$8,950 have been capitalized. These costs are being amortized over the estimated life of three years using the straight-line method. Amortization expense for the periods ended June 30, 2014 and 2013 was \$2,358 and \$2,293, respectively. Accumulated amortization totaled \$6,776 and \$4,418 as of June 30, 2014 and 2013, respectively.

5. COMMITMENTS

The School leases telecommunications equipment and copiers under a non-cancelable operating lease which expires in August 2015. Future minimum lease payments are as follows:

<u>June 30,</u>	
2015	\$ 5,103
2016	670
Total	<u>\$ 5,773</u>

Leasing expense for the year ended June 30, 2014 and 2013 was \$9,469 and \$7,682, respectively.

6. EMPLOYEE BENEFITS

Effective July 1, 2011, the School adopted a 403(b) retirement plan (the "Plan") which covers most of the employees. The Plan is a defined contribution plan. Employees are eligible to enroll in the Plan either the first day of the Plan year or the first day of the seventh month of the Plan year. Those employees who have completed at least 1 full year of service are also eligible for employer contributions. The Plan provides for the School to contribute up to 4% of an employee's salary. The School's contribution becomes fully vested after the first year. For the years ended June 30, 2014 and 2013, employer contribution expense for the School was \$62,395 and \$41,615, respectively, which is included in payroll taxes and employee benefits in the accompanying statement of functional expenses.

INVICTUS PREPARATORY CHARTER SCHOOL

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2014

7. LITIGATION

In July 2011, the New York City's teacher's union ("Union"), the New York State Conference of the NAACP, and a number of elected officials (collectively "Plaintiffs"), brought a suit against 19 New York City charter schools, including the School, seeking to block the co-locations of the School in district public schools as part of a related effort to challenge the city's decision to close 22 schools for poor performance. The court denied the plaintiffs' request for a preliminary injunction. Plaintiffs have not proceeded on the merits of their case against the charter schools.

In August 2011, three not-for-profit corporations that advocate on educational issues and a group of parents of children in New York City public schools (collectively "Plaintiffs") brought a suit against 17 New York City charter schools, including the School, asking the court to compel the Department of Education to collect rent from public charter schools for the school year that began on September 5, 2011. The court denied that motion and the charter schools moved to dismiss the complaint. The motion to dismiss was granted on April 29, 2013. On July 19, 2013, plaintiffs filed their reply on the motion to re-argue on August 2, 2013. The court denied the motion to reargue on January 13, 2014. On March 17, 2014, plaintiffs filed their appeal. The appeal was, on the motion of defendants, adjourned to the October term. Intervenor's opposition is due September 2014. The court has not decided on the disposition of this case. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

8. RISK MANAGEMENT

- A. 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.
- B. The School entered into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the School, as well as additional funds for the use of facilities. The accompanying financial statements make no provision for the possible disallowance or refund.

9. AGREEMENT FOR SCHOOL FACILITY

The School has entered into a verbal agreement (the "Agreement") with the NYCDOE for dedicated and shared space at IS 218, a New York City Public School located at 370 Fountain Ave, Brooklyn, New York. The School will be responsible for any overtime-related costs for services provided beyond the regular opening hours. For the years ended June 30, 2014 and 2013, the School incurred \$9,649 and \$14,547 in overtime permit fees, respectively, which is included in the accompanying statement of functional expenses under occupancy and facility expense.

10. CONCENTRATIONS

- A. 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 ("FDIC") insured limit of \$250,000.
- B. The School received approximately 92% and 86% of its total revenue from per pupil funding from the NYCDOE during the years ended June 30, 2014 and June 30, 2013, respectively.
- C. Three major grantors accounted for approximately 82% of grants and other receivables at June 30, 2014. Two major grantors accounted for approximately 74% of grants and other receivables at June 30, 2013.
- D. Two major vendors accounted for approximately 82% of accounts payable at June 30, 2014. Two major vendors accounted for approximately 46% of accounts payable at June 30, 2013.

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
Invictus Preparatory Charter School

We have audited the financial statements of Invictus Preparatory Charter School (the “School”) which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 27, 2014. 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 the School’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 School’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 27, 2014.

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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MBAF CPAs, LLC

New York, NY
October 27, 2014



October 27, 2014

MBAF CPA's, LLC
Accountants & Advisors
440 Park Avenue South
New York, NY 10016

Dear MBAF CPA's, LLC

We are writing to follow-up on items listed in your Audit Summary document titled "Communication with Those Charged with Governance". Invictus Preparatory Charter School appreciates the opportunities for strengthening internal controls or enhancing operating efficiency identified by MBAF CPAs LLC during its audit. The responses below are in reference to page 4 of your document.

**Management's Responses to MBAF's Opportunities for
Strengthening Internal Controls or Enhancing Operating Efficiency**

School Facility Lease Agreement: Management will periodically contact the New York City Department of Education, while being mindful that the delay of signed and document facility lease agreement is due to the Department of Education and not the School.

Please let us know if you need additional information. We appreciate the careful review your team has done of our systems and procedures.

Respectfully,

Executive Director

Invictus Preparatory Charter School

Communication With Those Charged With Governance

October 27, 2014





To the Audit Committee
Invictus Preparatory Charter School

We have audited the financial statements of Invictus Preparatory Charter School (the "School") for the year ended June 30, 2014 and are prepared to issue our report thereon dated October 27, 2014. 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 May 19, 2014, 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 Invictus Preparatory Charter School. 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 July 23, 2014.

C. Auditor Independence:

We affirm that MBAF CPAs, LLC is independent with respect to Invictus Preparatory Charter School.

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 Invictus Preparatory Charter School are described in Note 2 to the financial statements. 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 estimates affecting the financial statements were:

Allowance for Doubtful Accounts:

As of June 30, 2014, Invictus Preparatory Charter School recorded grants and other receivables of \$107,326. Management concluded that no allowance for doubtful accounts was necessary. Management calculated based on the assessment of the credit-worthiness of the School's grantors, 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 School fiscal Consultant and a test of subsequent collections (\$23,326 collected as of October 14, 2014), we concur with management's conclusion.

Depreciation:

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

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.

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 8 to the financial statements 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. Management has corrected all such misstatements. We will identify those adjustments proposed both corrected and uncorrected:

Proposed and Corrected:

Corrected:

There was 1 provided by client audit adjustment which increased net assets. The one entry was to correct per pupil special education funding for approximately \$9,300.

Last year there were 2 audit adjustments (which included 1 reclassifying entry) that had no change in net assets. The one entry was to record in-kind legal revenue and expenses for approximately \$8,700.

Proposed and Uncorrected:

There were no audit adjustments proposed and uncorrected.

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 27, 2014.

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

Please note: Comments with an asterisk (*) was communicated in the prior fiscal year.

***School Facility Lease Agreement:**

Through conversations with the School's Consultant, we have been informed that a formal written agreement between Invictus Preparatory Charter School and the Department of Education does not exist. We recommend that the School periodically re-explore the risks of such a relationship. Please note that we have been informed that this issue is present for all New York charter schools.

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 Invictus Preparatory Charter School 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 CPAs, LLC



INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES

To the Board of Trustees of Invictus Preparatory Charter School:

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and managements of Invictus Preparatory Charter School (the "School") and the New York State Education Department ("NYSED"), solely to assist you in evaluating the School's assertion that it has complied with the requirements of the Charter School Program ("CSP") grant and Federal and NYSED guidelines in managing the CSP grant for the year ended June 30, 2014.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed and our results are as follows:

Procedure #1: We will obtain the detail of expenditures incurred for the period under review relating to the CSP grant from the School's accounting software and reconcile to the grant revenue recorded by the School. If the CSP grant revenue does not equal the grant expenditures, we will investigate the differences.

Result: MBAF obtained detail of grant expenditures and reconciled to the grant revenue recorded without exception.

Procedure #2: We will obtain the NYSED approved CSP grant award information, including the budget and any amendments, to determine if the revenue and expenditures recorded for the period appear reasonable.

Result: MBAF obtained the NYSED approved CSP grant award information, including the budget and any amendments. MBAF noted the revenue and expenditures recorded for the period appear reasonable.

Procedure #3: We will select a sample of expenditures from the detail obtained in Procedure #1.

- a. Payroll – We will select 10 items or 10% of the total number of payroll items charged to the grant, whichever is less.
- b. Other expenses – We will select 10 items or 10% of the total number of payroll items charged to the grant, whichever is less.
- c. Using the above selected items, we will:

- i. Determine if the expenditure is in accordance with the purpose of the grant and that pre-opening expenditures are charged to pre-opening periods
- ii. Determine if the expenditure falls into an approved budget category
- iii. Determine if the expenditure was charged to the appropriate fiscal period

Result: MBAF determined that the School did not charge any payroll expenses to the CSP grant and, accordingly, selected a sample of 10% of the total number of non-payroll expenses charged to the grant. MBAF then determined that each tested expenditure was in accordance with the purpose of the grant, falls into an approved budget category, and was charged to the appropriate fiscal period, without exception.

Procedure #4: We will obtain FS-25 form(s) submitted to NYSED during the period under review and perform the following.

- a. Trace expenditures selected in Procedure #3 to requests for reimbursement. Determine that items requested for reimbursement had previously been expended or were expended within a month following the request for reimbursement. If items have not yet been requested for reimbursement, inquire of the responsible charter school officials as to the plan for requesting reimbursement, and determine if a receivable is recorded, if appropriate.
- b. If FS-25 forms included amounts on Line four (Cash Expenditures Anticipated During Next Month), we will select one FS-25 and determine if funds were expended within one month following the date of the request.

Result: Per observation of the FS-25 report, MBAF noted that the expenditures charged to the CSP grant had been requested in a timely manner. MBAF then selected one FS-25 and determined that \$41,645 was included in line four. Accordingly, funds were expended within one month of the request date.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on Invictus Preparatory Charter School's compliance with the requirements of the CSP grant. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Trustees and management of Invictus Preparatory Charter School and the New York State Education Department, and it is not intended to be and should not be used by anyone other than the specified parties.

MBAF CPAs, LLC

MBAF CPAs, LLC
October 27, 2014

Required Form: 2013-14 Appendix E - Disclosure of Financial Interest Form

Created Wednesday, July 30, 2014

<https://fluidsurveys.com/account/surveys/540612/responses/export//surveys/vickie-smith/appendix-e-trustee-disclosure-form/e73f8>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Charles Guerrero

2. Charter School Name:

Invictus Preparatory Charter School

3. Charter Authorizer:

SUNY

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

• Chair/President

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

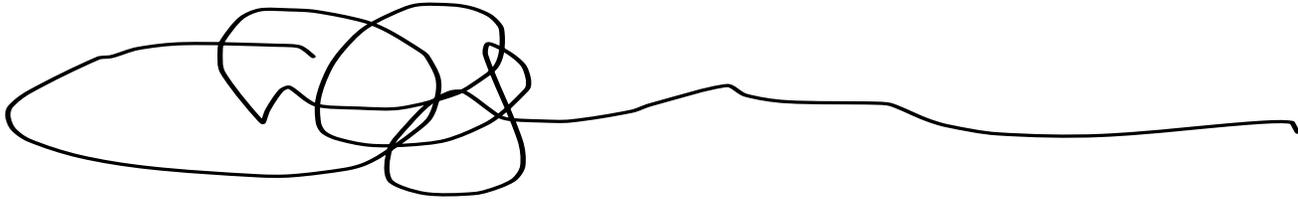
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

A handwritten signature in black ink, consisting of a large, stylized initial 'W' followed by a long, horizontal, wavy line that tapers to the right.

Required Form: 2013-14 Appendix E - Disclosure of Financial Interest Form

Created Thursday, July 31, 2014

<https://fluidsurveys.com/account/surveys/540612/responses/export//surveys/vickie-smith/appendix-e-trustee-disclosure-form/79d36>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Renee M. Chung

2. Charter School Name:

Invictus Preparatory Charter School

3. Charter Authorizer:

SUNY

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

-
- Secretary
-

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

Renee M. Chung

Required Form: 2013-14 Appendix E - Disclosure of Financial Interest Form

Created Friday, August 01, 2014

<https://fluidsurveys.com/account/surveys/540612/responses/export//surveys/vickie-smith/appendix-e-trustee-disclosure-form/6eaf0>

Page 1

Please open the link to this form using **Google Chrome** as your browser. Doing so will allow you to input your signature on page 2 of the form. Thank you.

1. Trustee Name:

Ka Yee Tom

2. Charter School Name:

Invictus Preparatory Charter School

3. Charter Authorizer:

SUNY

4. *Your Home Address:

4. *Your Home Address: | Street Address

4. *Your Home Address: | City/State

4. *Your Home Address: | Zip

5. *Your Business Address

5. *Your Business Address | Street Address

5. *Your Business Address | City/State

5. *Your Business Address | Zip

6. *Daytime Phone Number:

[REDACTED]

7. *E-mail Address:

[REDACTED]

8. Select all positions you held on Board:

(check all that apply)

(No response)

9. Are you a trustee and also an employee of the school?

No

10. Are you a trustee and an employee or agent of the management company or institutional partner of the charter school?

No

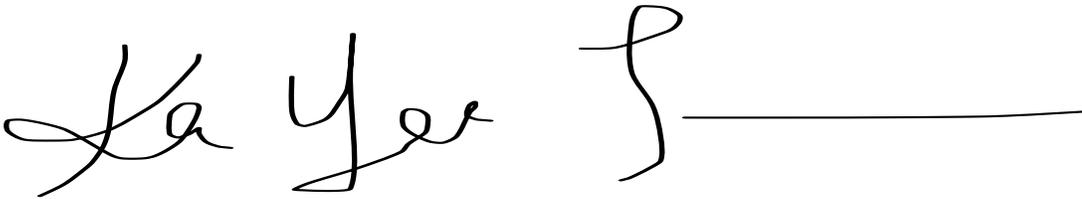
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

No

14. Are you a member, director, officer or employee of an organization formally partnered with school that is doing business with the charter school and in which such entity, during your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or relationship?

No

Signature of Trustee

A handwritten signature in cursive script that reads "Ha Yee S". The signature is written in black ink on a white background. The letters are fluid and connected, with a long horizontal stroke extending to the right from the end of the signature.