



Invictus Leadership Academy Charter #2088

Financial Statements
June 30, 2024



Invictus Leadership Academy
Financial Statements
Year Ended June 30, 2024

Table of Contents

<u>INDEPENDENT AUDITOR’S REPORT</u>	<u>1</u>
<u>FINANCIAL STATEMENTS</u>	<u>4</u>
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to the Financial Statements.....	8
<u>SUPPLEMENTARY INFORMATION</u>	<u>18</u>
Schedule of Average Daily Attendance.....	17
Schedule of Instructional Time.....	18
Schedule of Financial Trends & Analysis	19
Reconciliation of Unaudited Financial Report with Audited Financial Statements	20
Notes to Supplementary Information.....	21
Schedule of Expenditures of Federal Awards.....	22
Notes to the Schedule of Expenditures of Federal Awards	23
<u>OTHER INFORMATION</u>	<u>24</u>
Organization Structure.....	24
<u>OTHER INDEPENDENT AUDITOR’S REPORTS</u>	<u>25</u>
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>	25
Independent Auditor’s Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the <i>Uniform Guidance</i>	27
Independent Auditor’s Report on State Compliance and on Internal Controls over State Compliance	30
<u>AUDITOR’S RESULTS, FINDINGS & RECOMMENDATIONS</u>	<u>33</u>
Schedule of Auditor’s Results	33
Schedule of Findings and Questioned Costs.....	35
Schedule of Prior Year Audit Findings.....	39

Independent Auditor's Report

To the Board of Directors
Invictus Leadership Academy

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Invictus Leadership Academy (the School), a nonprofit organization, which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's financial statements.

The accompanying schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying financial statements and additional accompanying supplementary information, as identified in the Table of Contents and as required by the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Other Information section of the report, as identified in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024 on our consideration of the 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 solely 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 effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

El Cajon, California
December 16, 2024

Financial Statements

Invictus Leadership Academy
Statement of Financial Position
June 30, 2024

Assets

Cash and cash equivalents	\$ 1,529,194
Accounts receivable	730,414
Prepaid expenses	34,946
Security deposits	31,386
Property and equipment, net	53,848
Total Assets	\$ 2,379,788

Liabilities and Net Assets

Liabilities

Accounts payable - vendors	\$ 76,411
Accrued expenses and payroll liabilities	228,793
Accounts payable grantor government	98,148
Accrued vacation liability	19,634
Unearned revenue	1,001,210
Notes payable	39,282
Total Liabilities	1,463,478

Net Assets

Without donor restrictions	
Undesignated	862,462
Invested in property and equipment, net of related debt	53,848
	916,310
With donor restrictions	
	-
Total Net Assets	916,310
Total Liabilities and Net Assets	\$ 2,379,788

The accompanying notes are an integral part of this statement.

Invictus Leadership Academy

Statement of Activities Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Local Control Funding Formula (LCFF) sources			
State aid	\$ 1,161,933	\$ -	\$ 1,161,933
Education protection account state aid	21,034	-	21,034
Transfers in lieu of property taxes	411,148	-	411,148
Total LCFF sources	1,594,115	-	1,594,115
Federal contracts and grants	-	750,542	750,542
State contracts and grants	36,740	467,860	504,600
Net assets released from restriction -			
Grant restrictions satisfied	1,218,402	(1,218,402)	-
Total revenue, support, and gains	2,849,257	-	2,849,257
Expenses and Losses			
Program services expense	2,057,717	-	2,057,717
Supporting services expense	484,352	-	484,352
Total expenses and losses	2,542,069	-	2,542,069
Change in Net Assets	307,188	-	307,188
Net Assets, Beginning of Year	609,122	-	609,122
Net Assets, End of Year	\$ 916,310	\$ -	\$ 916,310

The accompanying notes are an integral part of this statement.

Invictus Leadership Academy
Statement of Functional Expenses
Year Ended June 30, 2024

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>
	<u>Educational Programs</u>	<u>Management and General</u>	
Salaries and wages	\$ 778,025	\$ 294,399	\$ 1,072,424
Other employee benefits	54,179	20,501	74,680
Payroll taxes	59,509	22,518	82,027
Fees for services:			
Legal	-	50,636	50,636
Accounting	-	12,222	12,222
Professional consulting	260,121	-	260,121
District oversight	-	18,017	18,017
Marketing and recruitment	-	13,597	13,597
Office expenses	374	-	374
Information technology	4,035	20,706	24,741
Occupancy	88,366	-	88,366
Debt service interest	-	286	286
Travel and conferences	1,525	-	1,525
Depreciation and amortization	146,636	-	146,636
Insurance	-	25,453	25,453
Other expenses:			
Books and supplies	572,752	-	572,752
Equipment rental and repair	19,131	-	19,131
Dues and memberships	-	4,060	4,060
Student transportation and activities	9,009	-	9,009
Special education contracts and encroachment	64,055	-	64,055
Miscellaneous	-	1,957	1,957
Total expenses by function	<u>\$ 2,057,717</u>	<u>\$ 484,352</u>	<u>\$ 2,542,069</u>

The accompanying notes are an integral part of this statement.

Invictus Leadership Academy

Statement of Cash Flows

Year Ended June 30, 2024

Cash Flows from Operating Activities	
Receipts from federal, state, and local contracts and grants	\$ 2,184,303
Receipts from property taxes	411,148
Payments to employees for services provided	(1,000,794)
Payments to vendors	(1,289,255)
Net Cash Provided By Operating Activities	<u>305,402</u>
Cash Flows from Investing Activities	
Purchases of property and equipment	(48,968)
Net Cash Used In Investing Activities	<u>(48,968)</u>
Cash Flows from Financing Activities	
Change in notes payable	(19,644)
Net Cash Used In Financing Activities	<u>(19,644)</u>
Net Change in Cash and Cash Equivalents	236,790
Cash and Cash Equivalents, Beginning of Year	1,292,404
Cash and Cash Equivalents, End of Year	<u>\$ 1,529,194</u>
Reconciliation of Change in Net Assets to Net Cash Provided By Operating Activities	
Change in net assets	\$ 307,188
Adjustments to reconcile change in net assets to net cash:	
Depreciation and amortization	146,636
Changes in operating assets and liabilities	
(Increase) Decrease in assets	
Accounts receivable	(354,130)
Prepaid expenses	(27,507)
Security deposits	(19,886)
Increase (Decrease) in liabilities	
Accounts payable	55,980
Accrued expenses and payroll liabilities	223,194
Accrued vacation liability	5,143
Accounts payable grantor governments	40,657
Unearned revenue	59,667
Operating leases payable	(131,540)
Net Cash Provided By Operating Activities	<u>\$ 305,402</u>

The accompanying notes are an integral part of this statement.

Invictus Leadership Academy
Notes to the Financial Statements
Year Ended June 30, 2024

A. Principal Activity and Summary of Significant Accounting Policies

Organization

Invictus Leadership Academy (the School), is a nonprofit organization, organized in the State of California. The School's mission is to provide an exceptional TK-5 education that supports every child fulfilling their full academic potential. Invictus Leadership Academy was formed as a charter school pursuant to California Education Code Section 47600 under a charter agreement with the Los Angeles Unified School District.

Basis of Accounting

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit corporations. The School uses the accrual basis of accounting, under which revenues are recognized when they are earned, and expenditures are recognized in the accounting period in which the liability is incurred.

Cash and Cash Equivalents

The School considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of non-interest bearing amounts due to the School for federal, state, and local grants and contracts receivable. The amounts in accounts receivable are considered fully collectable and as such there has not been an allowance for uncollectable accounts or discount established for the School.

Property and Equipment

The School records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed in the current period.

The School reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2024.

Investments

The School's method of accounting for investments, in accordance with generally accepted accounting principles, is the fair value method. Fair value is determined by published quotes. Changes in fair value of investments result in increases or decreases in unrealized fair values of equity investments. Adjustments to fair values are reflected as unrealized gain/loss on investments in the accompanying statement of activities. The School's policy is to follow the fair value measurement and reporting requirements contained in FASB ASC 820 *Fair Value Measurements and Disclosures*.

Invictus Leadership Academy
Notes to the Financial Statements, Continued
Year Ended June 30, 2024

Prepaid Expenses

Prepaid expenses are recorded to account for expenditures during the benefiting period.

Leases

The School leases facilities and equipment which are utilized in its charitable purpose. The School determines if an arrangement is a lease at inception. Operating leases are included in the operating lease right-of-use assets, other current liabilities, and operating lease liabilities in the Statement of Financial Position. Financing leases are included in the financing lease right-of-use assets, other current liabilities, and financing lease liabilities in the Statement of Financial Position.

Right-of-use assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. Our lease term may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The School has lease agreements with lease and non-lease components, which are generally accounted for separately. The School has elected to apply the short-term lease exemption to any leases with terms of 12 months or less or any leases below the threshold of \$5,000.

In evaluating contracts to determine if they qualify as a lease, the School considers factors such as whether they have obtained substantially all of the rights to the underlying asset through exclusivity, if the School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In allocating consideration in the contract to the separate lease components and the non-lease components, the School uses the stand-alone prices of the lease and non-lease components. Observable stand-alone prices are used, if available. If the stand-alone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the School. The balance of the liabilities is recognized in the financial statements at year end.

Invictus Leadership Academy
Notes to the Financial Statements, Continued
Year Ended June 30, 2024

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the School's program services, administrating, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant contributions of such goods or services were received during the year ended June 30, 2024.

Advertising

Advertising costs are expensed as incurred and approximated \$13,597 during the year ended June 30, 2024.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the School to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Revenue and Revenue Recognition

The School follows the provisions of FASB ASC 958-605 thereby recognizing revenue when applicable performance related barriers have been satisfied and the revenue is earned. A performance-related barrier represents something that must be achieved, performed or delivered in order to receive funds. Performance related barriers are required to be measurable, limit discretion by recipient on the conduct of the activity, and the stipulations are related to the purpose of the agreement or grant. When funds are received and performance-related barriers are not satisfied, the School records the funds as unearned revenue.

Invictus Leadership Academy
Notes to the Financial Statements, Continued
Year Ended June 30, 2024

After the School has determined that performance related barriers have been satisfied, the revenue is recognized as either restricted or unrestricted based on the nature of the resources and conditions of the grantor. Restrictions on recognized revenue could constitute allowable uses of the resources that are narrower than the School's mission but are not considered performance-related barriers. Restricted resources are released from their restriction once the restricted purpose has been satisfied.

The School primarily receives funds from the California Department of Education (CDE). Local Control Funding Formula revenue and state revenues received from CDE are based on the School's average daily attendance (ADA) of students and recognized in the period the ADA occurs. In addition, the School receives state and local revenues for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies.

LCFF Revenues and Payments in Lieu of Property Taxes

The School's primary funding source is a combination of local property taxes and state revenues. The California Department of Education computes the local control funding formula (LCFF) on statewide charter school rates multiplied by the schools' average daily attendance (ADA) as reported at the second principal apportionment period (P2). The result is then reduced by property tax revenues transferred from the District to the school, which is funding in lieu of property taxes, and education protection account funds paid by the state under Proposition 30. The remaining balance is paid from the state general fund, in the form of LCFF State Aid. LCFF funding sources, inclusive of state and local sources, made up 55.95% of the School's revenue.

The LCFF includes the following components applicable to the School:

1. Provides a base grant for each school based on the school's ADA. The actual base grant varies based on grade span.
2. Provides an adjustment of 2.6 percent on the base grant amount for grades nine through twelve.
3. Provides a supplemental grant equal to 20 percent of the adjusted base grants for targeted disadvantaged students. Targeted students are those classified as English Learners (EL), eligible to receive a free or reduced-price meal (FRPM), foster youth, homeless youth, or any combination of these factors (unduplicated count).
4. Provides a concentration grant equal to 65 percent of the adjusted base grant for targeted students exceeding 55 percent of the school's enrollment.

The School is not at risk of losing these funding sources, as long as the schools maintain a steady level of ADA, as these funding sources are mandated by the California State Constitution to fund schools.

Income Taxes

The School is a 509(a)(1) publicly supported non-profit charter school that is exempt from income taxes under Sections 501(a) and 501(c)(3) of the Internal Revenue Code. The School is also exempt from California franchise or income tax under Section 23701d of the California Revenue and Taxation Code. The School may be subject to tax on income which is not related to its exempt purpose. For the year ended June 30, 2024, no such unrelated business income was reported and, therefore, no provision for income taxes has been made.

The School follows provisions of uncertain tax positions as addressed in ASC 958. The School recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There are no amounts accrued in the financial statements related to uncertain tax positions for the year ended June 30, 2024.

Invictus Leadership Academy
Notes to the Financial Statements, Continued
Year Ended June 30, 2024

The School files informational and income tax returns in the United States and in the state of California. The federal income tax and informational returns are subject to examination by the Internal Revenue Service for three years after the returns are filed. State and local jurisdictions have statutes of limitation that generally range from three to five years.

Financial Instruments and Credit Risk

The School manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the School to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the School has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from government agencies.

New Accounting Guidance

The Financial Accounting Standards Board (FASB) issues accounting standards updates and additional guidance for not-for-profit and for-profit agencies to establish consistent accounting across all organizations in the United States. The following table represents items that have been issued by FASB that became effective in the 2023-24 fiscal year:

Description	Date Issued
FASB Accounting Standards Update 2016-13 - <i>Credit Losses (Topic 326)</i>	Jun-16
FASB Accounting Standards Update 2017-04 - <i>Intangibles, Goodwill & Other (Topic 350)</i>	Jan-17
FASB Accounting Standards Update 2018-19 - <i>Codification Improvements for Credit Losses (Topic 326)</i>	Nov-18
FASB Accounting Standards Update 2019-10 - <i>Financial Instruments, Credit Losses</i>	Nov-19
FASB Accounting Standards Update 2022-02 - <i>Financial Instruments-Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures</i>	Mar-22
FASB Accounting Standards Update 2022-04 - <i>Liabilities-Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations</i>	Sep-22
FASB Accounting Standards Update 2023-06 - <i>Disclosure Improvements Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative</i>	Oct-23

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The School has adopted provisions of effective Accounting Standards Updates. The issuance of these standards did not result in a presentation or accounting change that impacted these financial statements.

Subsequent Events

In preparing these financial statements, the School has evaluated events and transactions for potential recognition or disclosure through December 16, 2024, the date the financial statements were available to be issued.

Invictus Leadership Academy
Notes to the Financial Statements, Continued
Year Ended June 30, 2024

B. Liquidity and Availability

The School's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$	1,529,194
Accounts receivable		730,414
Total	\$	2,259,608

C. Cash and Investments

The School's cash and cash equivalents on June 30, 2024, consisted of the following:

Cash in bank accounts	\$	1,529,194
Total cash and cash equivalents	\$	1,529,194

Cash in Bank

The School's cash, (\$1,529,194 as of June 30, 2024) is held in financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor. As of June 30, 2024, the School held \$1,336,045 in excess of the FDIC insured amounts. The School reduces its exposure to risk by maintaining such deposits with high quality financial institutions. The School has not experienced any losses in such accounts and believe it is not exposed to any significant credit risk.

D. Accounts Receivable

As of June 30, 2024, the School's accounts receivable consisted of the following:

Federal Government		
Special Education	\$	15,433
Child Nutrition		33,633
Title I		22,049
Title IV		409,558
Other Federal Programs		996
State Government		
Child Nutrition		5,232
Lottery Funding		20,976
SB740		67,611
Special Education		15,516
Other State Programs		6,735
Local Government		
Property Tax Payments		130,790
Other Local Sources		
Other Local Sources		1,885
Total Accounts Receivable	\$	730,414

Invictus Leadership Academy
Notes to the Financial Statements, Continued
Year Ended June 30, 2024

E. Prepaid Expenses

As of June 30, 2024, the School's prepaid expenses consisted of the following:

Rent	\$	18,000
Health and welfare benefits		5,421
Dues, licenses, and subscriptions		11,525
Total Prepaid Expenses	\$	34,946

F. Property and Equipment

Property and equipment for the School consisted of the following at June 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance
Depreciable Capital Assets				
Buildings and Improvements	\$ 83,501	\$ -	\$ -	\$ 83,501
Equipment, Furniture, and Fixtures	8,705	48,968	-	57,673
Total Depreciable Capital Assets	92,206	48,968	-	141,174
Total Capital Assets	92,206	48,968	-	141,174
Less Accumulated Depreciation	(83,816)	(3,510)	-	(87,326)
Capital Assets, Net	\$ 8,390	\$ 45,458	\$ -	\$ 53,848

G. Unearned Revenue

At year end the School had performance obligations remaining to expend funds for multiple federal and state grants. As such, unexpended cash received is reflected in unearned revenue.

The following table provides information about significant changes in unearned revenue for the year ended June 30, 2024:

Unearned Revenue, beginning of period	\$	941,543
Increases in unearned revenue due to cash received during the period		1,001,210
Decreases in unearned revenue due to performance obligations met during the period		(941,543)
Unearned Revenue, end of period	\$	1,001,210

Invictus Leadership Academy
Notes to the Financial Statements, Continued
Year Ended June 30, 2024

As of June 30, 2024, unearned revenue consisted of the following:

Expanded Learning Opportunities Program	\$	165,019
Title II		383
Comprehensive Support and Improvement		43,596
Prop 28		14,196
State Aid		100,208
Arts, Music, and Instructional Materials		46,801
Learning Recovery EBG		113,790
Literacy Coaches and Reading Specialists		450,000
Educator Effectiveness		19,326
Universal Pre-K		42,193
Expanded Learning Opportunity Grant - Federal		5,412
Expanded Learning Opportunity Grant - State		286
Total Unearned Revenue	\$	1,001,210

H. Operating Leases

The School entered into lease agreements for the use of facilities and equipment. The components of the lease expenses were as follows:

Operating lease cost		
Amortization of right-of-use assets	\$	143,126
Interest on lease liabilities		2,167
Total operating lease cost		145,293
Short-term lease cost		15,097
Total lease expense	\$	160,390

The following represents additional information related to the School's leases:

Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$	282,354
Weighted average remaining lease term:		
Operating leases		0 Months
Weighted average discount rate:		
Operating leases		4%

Invictus Leadership Academy
Notes to the Financial Statements, Continued
Year Ended June 30, 2024

Invictus Leadership Academy has completed the original lease term, which concluded on June 30, 2024. The School has subsequently entered into a new two-year lease agreement with Lewis Metropolitan Christian Methodist Church of Los Angeles, a California nonprofit corporation, commencing on July 1, 2024. Under the terms of the new lease, the monthly rental payments will be \$19,000 for the first year and \$19,950 for the second year.

I. Notes Payable

On 12/23/2020 the School entered into a loan agreement for \$100,000 with the California Finance Authority under the Charter School Revolving Loan Fund Program to supplement cash flows during implementation years. The agreement provided for annual payments plus accrued interest for a period of 5 years. Payments include an interest at a rate of 0.52%. As of June 30, 2024, the School was obligated for the following payments:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 19,644	\$ 184	\$ 19,828
2026	19,638	80	19,718
	\$ 39,282	\$ 264	\$ 39,546

Invictus Leadership Academy
Notes to the Financial Statements, Continued
Year Ended June 30, 2024

J. Upcoming Changes in Accounting Pronouncements

The Financial Accounting Standards Board (FASB) has issued the following Accounting Standards Updates (ASU) that become effective over the next few fiscal years:

Description	Date Issued	Fiscal Year Effective
FASB Accounting Standards Update 2018-12 - <i>Financial Services Insurance (Topic 944)</i>	Aug-18	2024-25
FASB Accounting Standards Update 2019-09 - <i>Financial Services, Insurance (Topic 944)</i>	Nov-19	2024-25
FASB Accounting Standards Update 2020-06 - <i>Debt (Topic 470-20)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-06 - <i>Derivatives and Hedging (Topic 815-40)</i>	Aug-20	2024-25
FASB Accounting Standards Update 2020-10 - <i>Codification Improvements</i>	Nov-20	2025-26
FASB Accounting Standards Update 2021-08 - <i>Business Combinations (Topic 805)</i>	Oct-21	2024-25
FASB Accounting Standards Update 2022-01 - <i>Derivatives and Hedging (Topic 815): Fair Value Hedging - Portfolio Layer Method</i>	Mar-22	2024-25
FASB Accounting Standards Update 2022-03 - <i>Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions</i>	Jun-22	2025-26
FASB Accounting Standards Update 2022-05 - <i>Financial Services - Insurance (Topic 944): Transition for Sold Contracts</i>	Dec-22	2025-26
FASB Accounting Standards Update 2023-01 - <i>Leases (Topic 842): Common Control Arrangements</i>	Mar-23	2024-25
FASB Accounting Standards Update 2023-02 - <i>Investments (Topic 323): Accounting for Investments in Tax Credit Structures</i>	Mar-23	2025-26
FASB Accounting Standards Update 2023-05 - <i>Business Combinations - Joint Venture Formations (Subtopic 805-60)</i>	Aug-23	2024-25
FASB Accounting Standards Update 2023-07 - <i>Segment Reporting (Topic 280)</i>	Nov-23	2024-25
FASB Accounting Standards Update 2023-08 - <i>Intangibles - Goodwill and Other - Crypto Assets (Subtopic 350-60)</i>	Dec-23	2025-26
FASB Accounting Standards Update 2023-09 - <i>Income Taxes (Topic 740)</i>	Dec-23	2026-27
FASB Accounting Standards Update 2024-01 - <i>Compensation - Stock Compensation (Topic 718)</i>	Mar-24	2026-27
FASB Accounting Standards Update 2024-02 - <i>Codification Improvements - Amendments to Remove References to the Concepts Statements</i>	Mar-24	2026-27

These updates were issued to provide clarification and simplification in accounting for certain transactions. In addition, they provide for additional note disclosures to create transparency involving these transactions. The updates effective during the future fiscal years are not expected to impact the financial accounting or presentation for the School.

Supplementary Information

Invictus Leadership Academy
Schedule of Average Daily Attendance
Year Ended June 30, 2024

	Second Period Report		Annual Report	
	Original B3CA2874	Revised	Original E51525D1	Revised
Classroom Based Attendance				
Grades TK/K-3	66.53	N/A	66.79	N/A
Grades 4-6	22.88	N/A	23.45	N/A
Grades 7-8	14.62	N/A	14.12	N/A
Total Classroom Based Attendance	104.03	N/A	104.36	N/A
Non-Classroom Based Attendance				
Grades TK/K-3	0.69	N/A	0.54	N/A
Grades 4-6	0.34	N/A	0.26	N/A
Grades 7-8	0.13	N/A	0.10	N/A
Total Non-Classroom Based Attendance	1.16	N/A	0.90	N/A
Total ADA	105.19	N/A	105.26	N/A

N/A – There were no audit findings which resulted in revisions to the second period or annual reports of attendance.

Invictus Leadership Academy
 Schedule of Instructional Time
 Year Ended June 30, 2024

Grade Level	Annual Minutes Requirement	Actual Minutes Offered	J-13A Minutes	Total Minutes	Number of Actual Days Offered (Traditional)	J-13A Days	Total Instructional Days	Status
Transitional Kindergarten	36,000	67,080	0	67,080	184	0	184	Complied
Kindergarten	36,000	67,080	0	67,080	184	0	184	Complied
1st Grade	50,400	64,180	0	64,180	184	0	184	Complied
2nd Grade	50,400	64,180	0	64,180	184	0	184	Complied
3rd Grade	50,400	64,180	0	64,180	184	0	184	Complied
4th Grade	54,000	64,180	0	64,180	184	0	184	Complied
5th Grade	54,000	64,180	0	64,180	184	0	184	Complied
6th Grade	54,000	64,180	0	64,180	184	0	184	Complied
7th Grade	54,000	64,180	0	64,180	184	0	184	Complied
8th Grade	54,000	64,180	0	64,180	184	0	184	Complied

See accompanying notes to supplementary information.

Invictus Leadership Academy
Schedule of Financial Trends & Analysis
Year Ended June 30, 2024

	Budget 2025 (See Note 1)	2024	2023 (See Note 1)	2022 (See Note 1)
Revenues	\$ 3,599,785	\$ 2,849,257	\$ 1,601,224	\$ 1,392,148
Expenses	3,456,913	2,542,069	1,481,444	938,072
Change in Net Assets	142,872	307,188	119,780	454,076
Ending Net Assets	\$ 1,059,182	\$ 916,310	\$ 609,122	\$ 489,342
Unrestricted Net Assets	\$ 1,059,182	\$ 916,310	\$ 609,122	\$ 489,342
Unrestricted net assets as a percentage of total expenses	31%	36%	41%	52%
Total Long Term Debt	\$ 19,638	\$ 39,282	\$ 58,926	\$ 58,926
ADA at P2	153	105	78	73

The School's ending net assets has increased by \$426,968 (87.25%) over the past two fiscal years. The significant increase is in large due to enrollment growth and additional funding received as a result of the COVID-19 pandemic.

Average daily attendance (ADA) has increased by 32 over the past two fiscal years.

Note 1:

AU-C §725.05 requires the following conditions be met to provide an opinion on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole:

- 1) The supplementary information was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.
- 2) The supplementary information relates to the same period as the financial statements.
- 3) The auditor issued an audit report on the financial statements that contained neither an adverse opinion nor a disclaimer of opinion.
- 4) The supplementary information will accompany the audited financial statements or such audited financial statements will be made readily available by the School.

Three of the above columns are not related to the same period as the financial statements and as such we do not provide an opinion on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. Additionally, the analysis presented utilizes information from periods outside the period of the financial statements and as such we do not provide an opinion on whether the analysis is fairly stated, in all material respects, to the financial statements as a whole. The information has been presented for analysis only and has not been audited.

Invictus Leadership Academy
Reconciliation of Unaudited Financial Report with Audited Financial Statements
Year Ended June 30, 2024

June 30, 2024 unaudited actual financial report net assets:	\$ 892,014
Adjustments and reclassifications:	
Overstatement of accounts payable	26,350
Understatement of unearned revenue	<u>(2,054)</u>
Total adjustments and reclassifications	<u>24,296</u>
June 30, 2024 audited financial statements net assets:	<u>\$ 916,310</u>

See accompanying notes to supplementary information.

Invictus Leadership Academy
Notes to Supplementary Information
Year Ended June 30, 2024

A. Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measure of the number of pupils attending classes of the School. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to charter schools. This schedule provides information regarding the attendance of students by grade span and adjustments to the attendance as a result of an audit finding, when applicable.

B. Schedule of Instructional Time

This schedule provides information regarding compliance with Education Code §47612.

Compliance with Education Code §47612 includes the following:

- 1) Charter schools may operate up to 5 tracks for attendance reporting.
- 2) Each track must be operated for a minimum of 175 days.
- 3) Each track must offer the required number of instructional minutes specified in Education Code §47612.5.
- 4) No track shall have less than 55% of its school days before April 15 each school year.

Compliance with Education Code §47612.5 involves offering a minimum number of annual instructional minutes as defined by grade level. Non-classroom based charters do not have a requirement for auditing/testing offered instructional minutes, as a result the offerings are not reported in the schedule of instructional time.

An LEA that closed due to a qualifying emergency in the 2023-24 fiscal year may submit a Form J-13A to avoid a penalty for not meeting the annual instructional minutes or day requirements. The School did not have an emergency closure and as such there are no credited days to account for on the Schedule of Instructional Time.

C. Schedule of Financial Trends and Analysis

This schedule displays summarized information from the current year and two previous years, along with budget information for the upcoming year. The information from this schedule is used to evaluate whether there are any financial indicators the School will not be able to continue operations in the next fiscal year. Based upon the information presented, the School appears to have sufficient reserves to continue operations for the 2024-25 fiscal year.

D. Reconciliation of Unaudited Financial Report Alternative Form with Audited Financial Statements

This schedule provides information necessary to reconcile between the audited financial statements and the financial data submitted to the authorizing agency via the unaudited actual financial report.

Invictus Leadership Academy
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Subrecipient Expenditures	Federal Expenditures
SPECIAL EDUCATION (IDEA) CLUSTER:				
<u>U.S. Department of Education</u>				
Passed through California Department of Education				
IDEA Basic Local Assistance	84.027	13379	\$ -	\$ 15,433
IDEA Mental Health	84.027	15197	-	996
Total Special Education (IDEA) Cluster			-	16,429
CHILD NUTRITION CLUSTER:				
U.S. Department of Agriculture				
Passed through State Department of Education				
National School Lunch Program	10.555	13396	-	137,187
Total Child Nutrition Cluster			-	137,187
OTHER PROGRAMS				
<u>U.S. Department of Education</u>				
Passed through State Department of Education				
COVID-19 ESSER III State Reserve Learning Loss	84.425	15621	-	68
COVID-19 ESSER III	84.425D	15559	-	56,171
COVID-19 ESSER III Learning Loss	84.425U	10155	-	44,205
Subtotal COVID-19 Funding			-	100,444
ESSA Title I Basic	84.010	14329	-	46,417
Title IV - Public Charter School Grants	84.282	14941	-	434,545
Title II - Supporting Effective Instruction	84.367	14341	-	5,520
Title IV - Student Support & Academic Enrichment	84.424	15396	-	10,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 750,542

See accompanying notes to schedule of expenditures of federal awards.

Invictus Leadership Academy
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

A. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of 2 CFR §200.502 *Basis for Determining Federal Awards Expended* and 2CFR §200.510(b) *Schedule of Expenditures of Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the combined financial statements.

B. Summary of Significant Accounting Policies

The expenditures reported on the schedule are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

C. Indirect Cost Rate

Indirect costs were calculated in accordance with 2 CFR §200.412 *Direct and Indirect Costs*. The School did not elect to use the 10% de minimis cost rate as covered in 2 CFR §200.414 *Indirect Costs*. No programs utilized a lower indirect cost rate based on program restrictions or other factors determined by the School. The School did not charge indirect costs to federal programs.

Other Information

Invictus Leadership Academy
Organization Structure
Year Ended June 30, 2024

Invictus Leadership Academy (Charter #2088) was formed pursuant to Education Code Section 47600 under an agreement with the Los Angeles Unified School District. Invictus Leadership Academy provides services for transitional kindergarten through eighth grade.

The Board of Directors for the fiscal year ended June 30, 2024, was comprised of the following members:

GOVERNING BOARD

Name	Office	Term and Term Expiration
Austin Dragon	President	One Year Term Expires June 2025
Eleanor Sison-Derbigny	Secretary	One Year Term Expires June 2025
Rosie Berumen	Treasurer	One Year Term Expires August 2024
Dr. Yvette Mayhorn-Harps	Member	Five Year Term Expires June 2027
Lydia Friend	Member	Five Year Term Expires June 2027
Cheryl Trinidad	Member	Five Year Term Expires June 2027

ADMINISTRATION

Dr. LaTonya Derbigny
Executive Director

Other Independent Auditor's Reports

Independent Auditor's Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors of
Invictus Leadership Academy

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Invictus Leadership Academy (the School) which comprise the School's statement of financial position as of June 30, 2024, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 16, 2024.

Report on 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) as a basis for designing 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 or significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

El Cajon, California
December 16, 2024

Independent Auditor's Report on Compliance for Each Major
Federal Program and Report on Internal Control Over Compliance
Required by the *Uniform Guidance*

To the Board of Directors of
Invictus Leadership Academy

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Invictus Leadership Academy (the School) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2024. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

El Cajon, California
December 16, 2024

Independent Auditor's Report on State Compliance and on
Internal Controls over State Compliance

To the Board of Directors
Invictus Leadership Academy

Report on Compliance for Applicable State Programs

Opinion on Each Applicable State Program

We have audited Invictus Leadership Academy's compliance with the requirements specified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 applicable to the School's statutory requirements identified below for the year ended June 30, 2024.

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of their applicable state programs for the year ended June 30, 2024.

Basis for Opinion on Each Applicable State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 (the Audit Guide). Our responsibilities under those standards and the Audit Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each applicable state program. Our audit does not provide a legal determination of the Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Schools' state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Schools’ compliance with the requirements of each applicable state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Audit Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Schools’ compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Schools’ internal control over state compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Audit Guide, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine the Schools’ compliance with the state laws and regulations applicable to the following items:

<u>School Districts, County Offices of Education, and Charter Schools</u>		Procedures Performed
T.	Proposition 28 Arts and Music in Schools	Yes
U.	After/Before School Education and Safety Program.....	N/A
V.	Proper Expenditure of Education Protection Account Funds.....	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts.....	Yes
X.	Local Control and Accountability Plan.....	Yes
Y.	Independent Study - Course Based.....	N/A
Z.	Immunizations.....	Yes
AZ.	Educator Effectiveness.....	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G).....	Yes
CZ.	Career Technical Education Incentive Grant.....	N/A
DZ.	Expanded Learning Opportunities Program (ELO-P)	Yes
EZ.	Transitional Kindergarten.....	N/A
<u>Charter Schools</u>		
AA.	Attendance.....	Yes
BB.	Mode of Instruction.....	Yes
CC.	Nonclassroom-Based Instruction/Independent Study.....	Yes
DD.	Determination of Funding for Nonclassroom-Based Instruction.....	N/A
EE.	Annual Instructional Minutes - Classroom Based.....	Yes
FF.	Charter School Facility Grant Program.....	Yes

N/A – The School did not offer the program during the current fiscal year or the requirement applied to a different type of LEA.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, Section 19810 and which are described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each applicable state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over State Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. We did not identify any material weaknesses in internal control over compliance; however, material weaknesses may exist that were not identified.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide. Accordingly, this report is not suitable for any other purpose.

El Cajon, California
December 16, 2024

Auditor's Results, Findings & Recommendations

Invictus Leadership Academy
 Schedule of Auditor's Results
 Year Ended June 30, 2024

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
One or more material weakness(es) identified?	_____ Yes <u> X </u> No
One or more significant deficiencies identified that are not considered material weakness(es)?	_____ Yes <u> X </u> No
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

FEDERAL AWARDS

Internal control over major federal programs:	
One or more material weakness(es) identified?	_____ Yes <u> X </u> No
One or more significant deficiencies identified that are not considered material weakness(es)?	_____ Yes <u> X </u> No

Type of auditor's report issued on compliance for major programs:	Unmodified
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Compliance supplement utilized for single audit	May 2024
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR §200.516(a)?	_____ Yes <u> X </u> No
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Identification of major programs:

AL Number(s)	Name of Federal Program or Cluster
84.282	Title IV Public Charter School Grants

Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No
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Invictus Leadership Academy
Schedule of Auditor's Results, Continued
Year Ended June 30, 2024

STATE AWARDS

Type of auditor's report issued on compliance for state programs: Unmodified

Internal control over applicable state programs:

One or more material weakness(es) identified? Yes X No

One or more significant deficiencies identified that are
not considered material weakness(es)? X Yes No

Any audit findings disclosed that are required to be reported
in accordance with *2023-24 Guide for Annual Audits
of California K-12 Local Education Agencies?* X Yes No

Invictus Leadership Academy
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Findings represent significant deficiencies, material weaknesses, and/or instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), or the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Finding codes as identified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* are as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

A. Financial Statement Findings

None

B. Federal Award Findings

None

C. State Award Findings

Finding Number: 2024-001
Repeat Finding: No
Program Name: LCFF Unduplicated Pupil Counts
Type of Finding: State Compliance (40000)

Criteria or Specific Requirement

Verify that the School has accurately reported unduplicated pupil counts on the CalPADS Certification Report 1.18 – *Free or Reduced Price Meals (FRPM)/English Learner/Foster Youth – Count*.

Condition

In our review of FRPM and English Learner eligibility applications we identified 10 out of 14 tested that did not meet the criteria for eligibility.

Invictus Leadership Academy
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2024

Cause

The School is Provision 2 status, they did not have students fill out FRPM forms in the 2023-24 school year. Many of the students tested were first year students with no supporting backup for FRPM status. The School was unable to provide all the forms requested from previous allowable years as well.

Potential Fiscal Impact

\$21,329 of supplemental and concentration grant funding using the CDE finding calculator.

Effect

The School overstated their unduplicated pupil count causing their supplemental and concentration percentages to be overstated.

Context

In our review of LCFF Unduplicated Pupil Counts eligibility applications, we selected a sample of 7 students designated as FRPM, 6 students designated as Both, and 1 student designated as EL. Of the selections, only 3 FRPM forms were provided that were collected in the schools designated LCFF base year.

Recommendation

Establish a review process over CalPADS reporting to ensure errors are detected and corrected prior to final certification and submission of CALPADS reporting.

Views of Responsible Officials

See Corrective Action Plan

[CHARTER SCHOOL LETTERHEAD]

December 16, 2024

To Whom it May Concern:

The accompanying Corrective Action Plan has been prepared as required by the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* published by the Education Audit Appeals Panel. The name of the contact person responsible for corrective action, the planned corrective action, and the anticipated completion date for each finding included in the current year's Schedule of Findings and Questioned Costs have been provided.

In addition, we have also prepared the accompanying Summary Schedule of Prior Audit Findings which includes the status of audit findings reported in the prior year's audit.

Sincerely,

Invictus Leadership Academy
Corrective Action Plan
Year Ended June 30, 2024

State Compliance Finding

Finding Number: 2024-001
Description: LCFF Unduplicated Pupil Counts
Contact Person:
Anticipated Completion Date:

Planned Corrective Action:

Invictus Leadership Academy
Schedule of Prior Year Audit Findings
Year Ended June 30, 2024

<u>Finding/Recommendation</u>	<u>Status</u>	<u>Explanation if Not Implemented</u>
There were no findings in the prior year audit.	N/A	N/A