

I. SCHOOL INFORMATION AND COVER PAGE

Created Wednesday, July 24, 2013

Page 1

1. SCHOOL NAME

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

260801861002 DISCOVERY CS

2. CHARTER AUTHORIZER

Regents-Authorized Charter School

3. DISTRICT / CSD OF LOCATION

Greece

4. SCHOOL INFORMATION

PRIMARY ADDRESS	PHONE NUMBER	FAX NUMBER	EMAIL ADDRESS
133 Hoover Drive Rochester, NY 14615	585-342-4032	585-342-4003	jsaia@rochesterdiscovery.com

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES

4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Contact Name	Joseph Saia
4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Title	School Director
4a. PHONE CONTACT NUMBER FOR AFTER HOURS EMERGENCIES Emergency Phone Number (###-###-####)	

5. SCHOOL WEB ADDRESS (URL)

www.RochesterDiscovery.com

6. DATE OF INITIAL CHARTER

2010-12-01 00:00:00

7. DATE FIRST OPENED FOR INSTRUCTION

2011-08-01 00:00:00

8. TOTAL NUMBER OF STUDENTS ENROLLED IN 2012-13 (as reported on BEDS Day)

(as reported on BEDS Day)

9. GRADES SERVED IN SCHOOL YEAR 2012-13

Check all that apply

 K

 1

 2

 3**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 2013-14.

	Physical Address	Phone Number	District/CSD	Grades Served at Site	School at Full Capacity at Site	Facilities Agreement
Site 1 (same as primary site)	133 Hoover Drive Rochester NY 14615	585-342-4032	GREECE CSD	K-4	No	Rent/Lease
Site 2						
Site 3						

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

	Name	Work Phone	Alternate Phone	Email Address
School Leader	Joseph Saia	[REDACTED]	[REDACTED]	[REDACTED]
Operational Leader	Anne Malitis	[REDACTED]	[REDACTED]	[REDACTED]
Compliance Contact				
Complaint Contact				

13. Are the School sites co-located?

No

14. Were there any revisions to the school's charter during the 2012-2013 school year? (Please include both those that required authorizer approval and those that did not require authorizer approval).

Yes

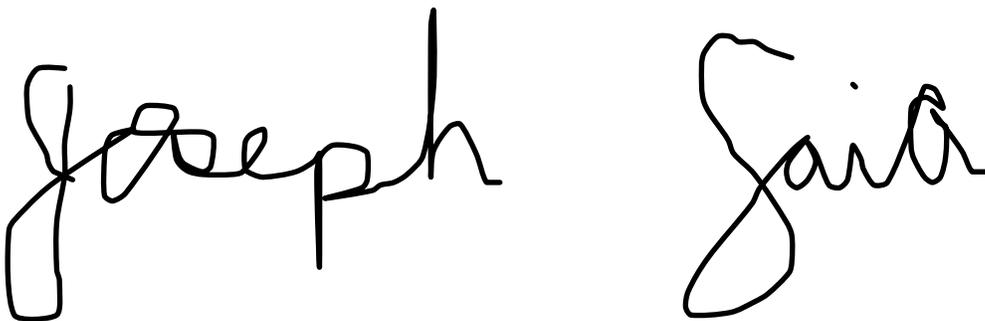
15. Summary of Charter Revisions

	Category (Select Best Description)	Specific Revision (150 word limit)	Date Approved by BOT (if applicable)	Date Approved by Authorizer (if applicable)
1	Change District or CSD of Location	School moved from East Irondequoit School District to Greece Central School District to secure a long term facility for the school.	2013	2013
2	Other	Assessment plan was changed (i.e. now administer the TerraNova3 in grades 1-2, rather than 1-6.	2013	2013
3				
4				
5				

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 stylist on your mobile device to sign your name).

• Yes

Signature, Head of Charter School

The image shows two handwritten signatures in black ink. The first signature is 'Joseph' and the second is 'Jaira'. Both are written in a cursive, flowing style.

Signature, President of the Board of Trustees

David Vigen

Thank you.

Appendix A: Progress Toward Goals

Created Wednesday, July 24, 2013

Updated Thursday, July 25, 2013

Page 1

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).

<https://reportcards.nysed.gov>

2. APPENDIX A: PROGRESS TOWARD CHARTER GOALS

2a. ACADEMIC STUDENT PERFORMANCE GOALS

If the Progress Toward Charter Goals are based on student performance data that the school will not have access to by August 1, 2013 (e.g., the NYS Assessment results), please list goals and explain this in the "Progress Towards Attainment" column. This information can be updated for Appendix A when available but no later than November 1, 2013. Board of Regents-authorized charter schools that opened for instruction in the fall of 2012 or that were renewed in 2012-13 will be held to the same charter-specific academic goals. Board of Regents-authorized charter schools will also be held accountable to Student Performance Benchmark 1 of the Performance Framework.

2012-13 Progress Toward Attainment of Academic Goals

	Academic Student Performance Goal	Measure Used to Evaluate Progress	2012-2013 Progress Toward Attainment	If Not Met, Describe Efforts to be Taken
Academic Goal 1	Decrease number of continuously enrolled students at level 1 by 10%	NYS ELA and Math Assessments	NA: only K-3, single year of state assessments administered	
Academic Goal 2	Increase number of continuously enrolled students at level 3	NYS ELA and Math Assessments	NA: only K-3, single year of state assessments administered	
Academic Goal 3	Increase scores according to Commissioner's Performance Index for Adequate Yearly Progress	NYS ELA and Math Assessments	NA: only K-3, single year of state assessments administered	
Academic Goal 4	By year 5, students in grades 3-6 who have been continuously enrolled at DCS will out-perform the district in which the majority of the students reside by 10%	NYS ELA and Math Assessments	NA: only K-3, single year of state assessments administered	

Academic Goal 5	75% of the continuously enrolled students in grades 1 and 2 will demonstrate continuous improvement	TerraNova3 Reading and Math Assessments	Met: 89% of continuously enrolled students improved in Reading Scale Score & 100% in Math Scale Score	
Academic Goal 6	75% of the continuously enrolled students in grades 1 and 2 will demonstrate a year's growth	TerraNova3 Reading and Math Assessments	Did not meet: 62% of continuously enrolled students demonstrated at least 1.0 year's growth in Reading and 41% in Math	Refine instruction and monitor. TerraNova3 not yet aligned to CCLS. Average growth for those not meeting goal in Reading +.33. Average growth for those not meeting goal in Math +.90.
Academic Goal 7	75% of the students in grades 3-6 who are continuously enrolled at DCS will maintain a level 3 or increase to a level 4.	NYS ELA and Math Assessments	NA: only K-3, single year of state assessments administered	

Academic Goal 8

2a1. Do have more academic goals to add?

No

2a2. Do have more academic goals to add?

No

2b. ORGANIZATIONAL GOALS

2012-13 Progress Toward Attainment of Organizational Goals

	Organizational Goal	Measure Used to Evaluate Progress	2012-2013 Progress Toward Attainment	If Not Met, Describe Efforts to be Taken
Org Goal 1	Identify two viable alternatives for a permanent facility	Number of realistic viable alternatives available	Met: Long term lease signed on an alternate site- a 112,000 square foot school building on 9 acres	
Org Goal 2	Enrollment will average no less than 160	Monthly Enrollment Report	Met: Average enrollment of 172 for 2012/2013	
Org Goal 3	Retain 100% of staff rated "Effective" of "Highly Effective" to the extent possible by organizational action	Retention of staff	Met: All "Effective" or "Highly Effective" staff returning except a single staff member moving out-of-state with husband	
Org Goal 4	Staff satisfaction in Y2 higher than Y1	Employee Wellness Survey by Foxwise USA	Met: Improvement in all categories (increased job satisfaction, organizational commitment and work/life balance; decrease in job stress and turnover intention)	
Org Goal 5	No less than 20% of staff will represent a minority race or ethnicity	Staff Demographics survey in January	Did not meet: 16% of staff represent a minority race or ethnicity	Continue to recruit from collegiate urban teacher preparation programs and advertise positions in newspapers and websites targeted at local minority populations. Utilize staff networking.

2c. FINANCIAL GOALS

2012-13 Progress Toward Attainment of Financial Goals

	Financial Goals	Measure Used to Evaluate Progress	2012-2013 Progress Toward Attainment	If Not Met, Describe Efforts to be Taken
Financial Goal 1	Net surplus no less than \$154,000	Budget / Audit	Met: Suplus exceeds \$154,000	
Financial Goal 2	Cash at year end will be no less than \$177,000	Budget / Audit	Met: Cash balance exceeds \$177,000	
Financial Goal 3	Secure no less than \$25,000 of donated funds	Budget / Audit	Met: Almost \$45,000 raised	
Financial Goal 4	Loans paid in full by May 2013	Budget / Audit	Met: Loans paid in full by February	
Financial Goal 5	Obtain a line of credit for emergency use	Access to a line of credit	Met: \$150,000 line of credit approved in October by M&T; Bank	

APPENDIX C: Total Expenditures and Administrative Expenditures Per Child - School Year Ended 6/30/2013

Charter School Name: Discovery Charter School	Charter School Code: 260901961002
Contact Person: Anne Malitis	Phone: 585-342-4023

REVENUES		EXPENDITURES		
		Salaries	Other	Total
A State Sources	\$ 8,680	F General Administration	\$ 203,160	\$ 346,989
B Federal Sources	413,918	G Instructional Supervision	78,438	78,438
C Public School Districts		H All Other Instruction	614,037	836,118
Basic Operating Revenues	2,060,092	I Pupil Services	95,312	95,912
State Aid-Pupils with Disabilities	2,403	J Pupil with Disabilities	124,802	129,569
Other Revenue (textbook)	14,790	K Transportation	-	20,518
D All Other Revenues	5,862	L Community Service	-	-
E Total Revenues From All Sources	<u>\$ 2,505,745</u>	M Operation and Maintenance	-	293,546
		N Employee Benefits		291,294
		O Debt Service		145,877
S Enrollment	175	P School Lunch		108,737
T Total Expenditures Per Pupil	\$ 13,488	Q Capital Expense		13,341
R/S		R Grand Total Expenditures		<u>\$ 2,360,339</u>
U Total General Administration Per Pupil	\$ 1,983			
F/S				



Financial A

School Name:

Date:

School Fiscal Contact Name:

School Fiscal Contact Email:

School Fiscal Contact Phone:

District of Location:

Authorizer:

Years of Operation:

Facility:

Grades Currently Served:

Planned Grades at Full Capacity:

Enrollment:

Max Enrollment:

Year of Most Recent Data

School Fiscal Contact Phone:

School Audit Firm Name:

School Audit Contact Name:

School Audit Contact Email:

School Audit Contact Phone:

Latest Audit Period (through June 30):

Do Not Use this Box



Audit Supplemental Data Request Form

Discovery Charter School

Discovery Charter School

August 1, 2013

Anne Malitis

[Redacted]
[Redacted]
East Irondequoit Central School District
SED

Public
K-3
K-6
175
280
2012

2

Mengel Metzger Barr & Co, LLP
Michelle Cain, CPA
mcain@mmb-co.com
585-423-1860 x 3259

2012

Discovery Charter School2012

FILL IN GRAY CELLS

Discovery Charter School

STATEMENTS OF FINANCIAL POSITION

FOR THE YEARS ENDED JUNE 30, 2013

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$439,377	\$309,970
Grants and contracts receivable	-	23,526
Accounts receivables	489,268	-
Inventory	-	-
Prepaid Expenses	4,102	3,400
Contributions and other receivables	-	-
Other	-	-
TOTAL CURRENT ASSETS	\$932,747	\$336,896
OTHER ASSETS		
Investments	\$-	\$-
Property, Plant and Equipment, Net	173,756	171,062
Restricted Cash	-	-
OTHER ASSETS	\$173,756	\$171,062
TOTAL ASSETS	\$1,106,503	\$507,958
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$486,064	\$111,741
Accrued payroll and benefits	184,606	120,654
Refundable Advances	-	-
Deferred Revenue	-	-
Current maturities of long-term debt	-	47,875
Short Term Debt - Bonds, Notes Payable	-	-
Other	-	-
TOTAL CURRENT LIABILITIES	\$670,670	\$280,270
LONG-TERM DEBT, net current maturities	\$-	\$96,480
TOTAL LIABILITIES	\$670,670	\$376,750
NET ASSETS		
Unrestricted	\$435,833	\$126,389
Temporarily restricted	-	4,819
TOTAL NET ASSETS	\$435,833	\$131,208
TOTAL LIABILITIES AND NET ASSETS	\$1,106,503	\$507,958
<i>Check</i>	0.189999999	-

FILL IN GRAY CELLS

Discovery Charter School
STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2013

	2013			2012
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE, GAINS AND OTHER SUPPORT				
State & Local Operating Revenue	\$2,077,185	\$-	\$2,077,185	\$1,508,443
Federal - Title and IDEA	111,491	-	111,491	79,614
Federal - Other	176,239	-	176,239	323,136
State and City Grants	-	-	-	-
Contributions and private grants	5,700	-	5,700	145,034
After school revenue	-	-	-	-
Other	162	-	162	15,052
Food Service/Child Nutrition Program	134,968	-	134,968	80,930
TOTAL REVENUE, GAINS AND OTHER SUPPORT	\$2,505,745	\$-	\$2,505,745	\$2,152,209
EXPENSES				
Program Services				
Regular Education	\$1,431,016	\$-	\$1,431,016	\$1,620,794
Special Education	129,569	-	129,569	81,088
Other Programs	-	-	-	-
Total Program Services	\$1,560,585	\$-	\$1,560,585	\$1,701,882
Supporting Services				
Management and general	\$640,535	\$-	\$640,535	\$311,126
Fundraising	-	-	-	6,083
TOTAL OPERATING EXPENSES	\$2,201,120	\$-	\$2,201,120	\$2,019,091
SURPLUS / (DEFICIT) FROM SCHOOL OPERATIONS	\$304,625	\$-	\$304,625	\$133,118
Contributions				
Foundations	\$-	\$-	\$-	\$-
Individuals	-	-	-	-
Corporations	-	-	-	-
Fundraising	-	-	-	-
Interest income	-	-	-	-
Miscellaneous income	-	-	-	-
Net assets released from restriction	-	-	-	-
TOTAL SUPPORT AND OTHER REVENUE	\$-	\$-	\$-	\$-
CHANGE IN NET ASSETS	\$304,625	\$-	\$304,625	\$133,118
NET ASSETS BEGINNING OF YEAR	\$133,118	\$-	\$133,118	\$-
PRIOR YEAR/PERIOD ADJUSTMENTS	-	-	-	-
NET ASSETS - END OF YEAR	\$437,743	\$-	\$437,743	\$133,118

Audited Financial Statement Checklist

Created Monday, October 28, 2013

Page 1

Charter School Name:

1. Please check each item that is included in the 2012-13 Audited Financial Statement submitted for your charter school.

	Yes	No	NA
Audited Financial Statements (including report on compliance and report on internal control over financial reporting)	True	False	False
Single Audit (if applicable)	False	True	True
CSP Agreed Upon Procedures (if applicable)	True	False	False
Management Letter	True	False	False
Report on Extracurricular Student Activity Accounts (if applicable)	False	True	True
Corrective Action Plans for any Findings	False	True	True

2. Please indicated if there is a finding(s) noted in any of the following sections of your charter school's 2012-13 Audited Financial Statement.

	Yes	No
Report on Compliance	False	True
Report on Internal Control over Financial Reporting	False	True
Single Audit	False	True
CSP Agreed Upon Procedures Report	False	True
Management Letter	True	False

Thank you .

DISCOVERY CHARTER SCHOOL

ROCHESTER, NEW YORK

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

OTHER CONSOLIDATING FINANCIAL INFORMATION

REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2013

(With Comparative Totals for 2012)

MIMB

MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

CONTENTS

<u>AUDITED CONSOLIDATED FINANCIAL STATEMENTS</u>	<u>PAGE</u>
Independent Auditor's Report	3
Consolidated Statement of Financial Position	5
Consolidated Statement of Activities and Changes in Net Assets	6
Consolidated Statement of Functional Expenses	7
Consolidated Statement of Cash Flows	8
Notes to Consolidated Financial Statements	9
 <u>OTHER CONSOLIDATING FINANCIAL INFORMATION</u>	
Independent Auditor's Report on Consolidating Financial Information	17
Consolidating Statement of Financial Position	18
Consolidating Statement of Activities and Changes in Net Assets	19
Schedule of Activities for the years ended June 30, 2013 and 2012, the period from December 14, 2010 (date of inception) to June 30, 2011 and the period from December 14, 2010 (date of inception) to June 30, 2012	20
 <u>REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS</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>	22
Schedule of Findings and Responses	24



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Discovery Charter School

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Discovery Charter School, which comprise the consolidated statement of financial position as of June 30, 2013, and the related consolidated statements of activities and changes in net assets, 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

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

- 3 -

100 Chestnut Street | Suite 1200 | Rochester, NY 14604 | P 585.423.1860 | F 585.423.5966 | mengelmetzgerbarr.com

Additional Offices: Elmira, NY • Hornell, NY • Ithaca, NY • An Independent Member of the EEO/ SOldman Alliance

WE VALUE YOUR FUTURE

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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Discovery Charter School as of June 30, 2013, 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 Discovery Charter School's June 30, 2012 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 2, 2012. In our opinion, the summarized comparative information presented herein as of June 30, 2012 and for the period from February 9, 2006 (date of inception) to June 30, 2012 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2013 on our consideration of Discovery 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 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 Discovery Charter School's internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 22, 2013

DISCOVERY CHARTER SCHOOL

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

JUNE 30, 2013

(With Comparative Totals for 2012)

<u>ASSETS</u>	<u>June 30,</u>	
	<u>2013</u>	<u>2012</u>
<u>CURRENT ASSETS</u>		
Cash	\$ 400,477	\$ 286,880
Cash in escrow	50,000	25,000
Grants and other receivables	77,637	23,526
Prepaid expenses	4,102	3,400
TOTAL CURRENT ASSETS	532,216	338,806
<u>PROPERTY AND EQUIPMENT, net</u>	164,407	171,062
TOTAL ASSETS	<u>\$ 696,623</u>	<u>\$ 509,868</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u>		
Current portion of long-term debt	\$ -	\$ 47,875
Accounts payable and accrued expenses	74,835	111,741
Accrued payroll and benefits	162,106	120,654
TOTAL CURRENT LIABILITIES	236,941	280,270
Long term debt	-	96,480
<u>NET ASSETS</u>		
Unrestricted	418,777	128,299
Temporarily restricted	40,905	4,819
TOTAL NET ASSETS	459,682	133,118
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 696,623</u>	<u>\$ 509,868</u>

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

DISCOVERY CHARTER SCHOOL

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2013
(With Comparative Totals for 2012)

	Totals			
	Unrestricted	Temporarily restricted	Year ended June 30, 2013	Period from February 9, 2006 (date of inception) to June 30, 2012
Operating revenue and support:				
Public school districts:				
Per pupil allocation income	\$ 2,047,711	\$ -	\$ 2,047,711	\$ 1,473,980
District textbooks in-kind	14,790	-	14,790	19,112
Students with disabilities	2,303	-	2,303	15,351
Total revenue from public schools	2,064,804	-	2,064,804	1,508,443
Federal and State grants	434,123	26,086	460,209	483,680
Private grants	49,080	10,000	59,080	55,000
Contributions	-	-	-	90,034
Donated supplies, materials and services	6,084	-	6,084	15,052
Interest income	162	-	162	-
Total other revenue and support	489,449	36,086	525,535	643,766
TOTAL OPERATING REVENUE AND SUPPORT	2,554,253	36,086	2,590,339	2,152,209
Expenses:				
Program services				
Regular education	1,711,379	-	1,711,379	1,620,794
Special education	162,142	-	162,142	81,088
Supporting services				
Management and general	390,254	-	390,254	311,126
Fundraising and special events	-	-	-	6,083
TOTAL EXPENSES	2,263,775	-	2,263,775	2,019,091
CHANGE IN NET ASSETS	290,478	36,086	326,564	133,118
Net assets at beginning of period	128,299	4,819	133,118	-
NET ASSETS AT END OF YEAR	\$ 418,777	\$ 40,905	\$ 459,682	\$ 133,118

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

DISCOVERY CHARTER SCHOOL

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

JUNE 30, 2013
(With Comparative Totals for 2012)

	No. of positions	Year ended June 30, 2013				Total	Period from February 9, 2006 (date of inception) to June 30, 2012
		Program Services		Supporting Services			
		Regular education	Special education	Management and general	Fundraising and special events		
Personnel Service Costs							
Administrative Staff	6	\$ -	\$ -	\$ 203,160	\$ -	\$ 203,160	\$ 147,259
Instructional Personnel	15	643,182	-	-	-	643,182	602,994
Non-instructional Personnel	7	144,605	124,802	-	-	269,407	164,543
Total Salaries and Wages		787,787	124,802	203,160	-	1,115,749	914,796
Payroll taxes and employee benefits		205,696	32,573	53,025	-	291,294	258,641
Professional development		8,933	-	-	-	8,933	6,705
Legal fees		-	-	33,312	-	33,312	27,435
Audit fees		-	-	15,092	-	15,092	8,300
Professional fees - education		112,933	-	-	-	112,933	93,000
Professional fees - other		44,352	-	11,400	-	55,752	120,327
Curriculum/classroom expenses		65,506	4,767	-	-	70,273	57,079
Supplies/materials		30,602	-	8,545	-	39,147	18,201
Food service fees		108,737	-	-	-	108,737	75,250
Student Transportation Services		20,518	-	-	-	20,518	23,236
Travel/conferences		3,535	-	1,049	-	4,584	2,493
Insurance		2,752	-	14,838	-	17,590	6,344
Information technology		-	-	682	-	682	25,952
Leased equipment		25,250	-	2,706	-	28,956	-
Non-capitalized Equipment/Furnishings		2,134	-	-	-	2,134	75,278
Repairs and Maintenance		27,656	-	-	-	27,656	15,012
Depreciation and amortization		41,755	-	1,100	-	42,855	18,700
Occupancy		222,580	-	7,905	-	230,485	232,224
Moving expense		-	-	27,080	-	27,080	-
Interest		-	-	3,945	-	3,945	8,108
Other expenses		653	-	6,415	-	7,068	10,421
		\$ 1,711,379	\$ 162,142	\$ 390,254	\$ -	\$ 2,263,775	\$ 2,019,091

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

DISCOVERY CHARTER SCHOOL

CONSOLIDATED STATEMENT OF CASH FLOWS

JUNE 30, 2013

(With Comparative Totals for 2012)

	Year ended June 30, 2013	Period from February 9, 2006 (date of inception) to June 30, 2012
<u>CASH FLOWS - OPERATING ACTIVITIES</u>		
Change in net assets	\$ 326,564	\$ 133,118
Adjustments to reconcile change in net assets to net cash provided from operating activities:		
Depreciation and amortization	42,855	18,700
Changes in certain assets and liabilities affecting operations:		
Grants and other receivables	(54,111)	(23,526)
Prepaid expenses	(702)	(3,400)
Accounts payable and accrued expenses	(36,906)	111,741
Accrued payroll and benefits	41,452	120,654
NET CASH PROVIDED FROM OPERATING ACTIVITIES	319,152	357,287
<u>CASH FLOWS - INVESTING ACTIVITIES</u>		
Purchases of property and equipment	(36,200)	(189,762)
Change in cash in escrow	(25,000)	(25,000)
NET CASH USED FOR INVESTING ACTIVITIES	(61,200)	(214,762)
<u>CASH FLOWS - FINANCING ACTIVITIES</u>		
Borrowings on long-term debt	-	160,000
Payments on long-term debt	(144,355)	(15,645)
NET CASH (USED FOR) PROVIDED FROM FINANCING ACTIVITIES	(144,355)	144,355
NET INCREASE IN CASH	113,597	286,880
Cash at beginning of period	286,880	-
CASH AT END OF YEAR	<u>\$ 400,477</u>	<u>\$ 286,880</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>		
Cash paid during the period for interest	<u>\$ 3,945</u>	<u>\$ 8,108</u>

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

DISCOVERY CHARTER SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and principles of consolidation

The accompanying consolidated financial statements include the accounts of Discovery Charter School (the "School") and Friends of Discovery Charter School, Inc. ("Friends"), (collectively referred to as the "Organization"). The Organizations are presenting consolidated financial statements because they have a common Board of Trustees and economic interest. All intercompany balances and transactions have been eliminated in the accompanying consolidated financial statements.

The Organization

The School is an educational corporation that operates as a charter school in Rochester, New York. On December 14, 2010 (School's date of inception), the Board of Regents of the University of the State of New York granted the School a provisional charter valid for a term of five years and renewable upon expiration. The School was established to prepare students to meet the challenges of a rapidly changing world, providing elementary school children real skills for the real world through an interdisciplinary program that integrates literacy, language arts, mathematics, social studies, visual arts and science.

Friends was organized under the laws of the State of New York on February 9, 2006 (Friends' date of inception) as a not-for-profit corporation under subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation Law as Friends of Community Charter School of Rochester, Inc. Friends was formed to provide funding and administrative assistance to promote the application for a charter school, to provide ongoing financial and volunteer support for such school and to engage in any and all activities reasonably related to such purpose. In 2009, this Organization changed its name to Friends of Discovery Charter School, Inc. and Friends had its first Board meeting on September 8, 2009.

Financial Statement presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

These classes of net assets are defined as follows:

Permanently restricted – Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no permanently restricted net assets at June 30, 2013 or 2012.

Temporarily restricted – Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

DISCOVERY CHARTER SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2013 AND 2012

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Unrestricted – The net assets over which the Governing Board has discretionary control to use in carrying on the Organization's operations in accordance with the guidelines established by the Organization. The Board may designate portions of the current unrestricted net assets for specific purposes, projects or investment.

Revenue and support recognition

Revenue from public school districts is based on the number of students enrolled in the School from each district. Revenue is recognized 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 or requirements of the grant are met.

Contributions are recognized as revenue in the year the pledge is received and documented.

Contributions

Contributions and unconditional promises to give are recorded as unrestricted, temporarily or permanently restricted support depending on the existence of any donor restrictions. A contribution that is received and expended in the same year for a specific purpose is classified as unrestricted revenue.

Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Cash

Cash balances are maintained at financial institutions located in New York State and are insured by the FDIC up to \$250,000 at each institution. In the normal course of business, the cash account balances at any given time may exceed insured limits. However, the Organization has not experienced any losses in such accounts and does not believe it is exposed to significant risk in cash.

Cash in escrow

The School maintains cash in an escrow account in accordance with the terms of its charter agreement. The amount in escrow as of June 30, 2013 and 2012 was \$50,000 and \$25,000, respectively.

Grants and other receivables

Grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts based on its assessment of the current status of individual receivables from grants, agencies and others. Balances that are still outstanding after management has used reasonable collection efforts are written off against the allowance for doubtful accounts. There was no allowance for doubtful accounts at June 30, 2013 and 2012.

DISCOVERY CHARTER SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2013 AND 2012

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Property and equipment

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method on a basis considered adequate to depreciate the assets over their estimated useful lives, which range from five to ten years.

Tax exempt status

The School and Friends are tax-exempt organizations under section 501(c)(3) of the Internal Revenue Code and applicable state regulations and, accordingly, are exempt from federal and state taxes on income.

The Organizations have filed for and received income tax exemptions in the various jurisdictions where they are required to do so. The School and Friends file Form 990 tax returns in the U.S. federal jurisdiction and Friends files in New York State. With few exceptions, as of June 30, 2013, the Organizations are no longer subject to U.S. federal or state income tax examinations by tax authorities for years ended before June 30, 2010. Years ended June 30, 2010 through June 30, 2013 are still subject to potential audit by the IRS and the taxing authorities in New York State. Management of the Organizations believe they have no material uncertain tax positions and, accordingly, will not recognize any liability for unrecognized tax benefits.

Contributed services

The Organization receives contributed services from volunteers to develop its academic program and to serve on the Board of Trustees. These services are not valued in the financial statements because they do not require "specialized skills" and would typically not be purchased if they were not contributed.

The School received contributed legal services which were valued at \$5,300 and \$4,500 which are included in the accompanying statement of activities and changes in net assets for the year ended June 30, 2013 and the period ended June 30, 2012, respectively.

In-kind contributions

Gifts and donations other than cash are recorded at fair market value at the date of contribution.

Use of estimates in the preparation of consolidated financial statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Comparatives for the period ended June 30, 2012

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Charter School's consolidated financial statements for the period ended June 30, 2012, from which the summarized information was derived.

DISCOVERY CHARTER SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2013 AND 2012

NOTE A: THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Cont'd

Reclassifications

Certain 2012 balances have been reclassified to conform to the 2013 presentation.

Subsequent events

The Organization has conducted an evaluation of potential subsequent events occurring after the statement of financial position date through October 22, 2013, which is the date the financial statements are available to be issued. No subsequent events requiring disclosure were noted, except for that which is disclosed in Note J.

NOTE B: SCHOOL FACILITY

The School leases its facilities from a third party. The lease agreement expires June 30, 2015. Rent is based each year on the number of square feet used by the School based on the School's need and space availability. Total square feet used during the years ended June 30, 2013 and June 30, 2012 was 14,634 and 13,660, respectively. The square footage rate for the fiscal year ended June 30, 2012 is \$17, \$15.75 for 2013, \$16.20 for 2014, and \$16.65 for 2015. Rent for this lease is approximately \$19,200 per month. Rent expense incurred for the year ended June 30, 2013 and period ended June 30, 2012 was approximately \$230,000 and \$232,000, respectively. The School has discontinued making payments on this lease as of July 1, 2013, and as a result, litigation has been threatened. Management believes the ultimate resolution of the litigation will not have a significant financial impact on the School.

In July 2013, the School entered into a facility lease at a new location through June 30, 2016. Rent is based each year on the number of square feet used by the School, the square feet used by the sublessee (See Note J), and a set property management fee which may be waived if the School's revenue does not exceed its expenses by \$50,000 each year. The square footage rate for the space the School will use for the fiscal year ended June 30, 2014 is \$16.20, \$16.65 for 2015, and \$17.08 for 2016. The square footage rate for the space that will be subleased for the fiscal year ending June 30, 2014 is \$12.23, \$12.48 for 2015, and \$12.73 for 2016. During the first two years of the lease, the rent is reduced by the amount of rent paid on the above lease.

The future minimum payments on these agreements based on the current square footage usage is as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2014	\$ 585,760
2015	777,553
2016	797,980
	<u>\$ 2,161,293</u>

DISCOVERY CHARTER SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2013 AND 2012

NOTE C: PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30,	
	<u>2013</u>	<u>2012</u>
Classroom/playground equipment	\$ 55,606	\$ 55,606
Office equipment	2,000	2,000
Computer equipment	80,112	57,415
Food service equipment	6,648	6,486
Leasehold improvements	<u>81,596</u>	<u>68,255</u>
	225,962	189,762
Less accumulated depreciation and amortization	<u>61,555</u>	<u>18,700</u>
	<u>\$ 164,407</u>	<u>\$ 171,062</u>

NOTE D: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following:

	June 30,	
	<u>2013</u>	<u>2012</u>
Child Nutrition Program	\$ 30,905	\$ 4,819
Information Technology	<u>10,000</u>	<u>-</u>
	<u>\$ 40,905</u>	<u>\$ 4,819</u>

NOTE E: LONG-TERM DEBT

Long-term debt of the Organization is summarized as follows:

	June 30,	
	<u>2013</u>	<u>2012</u>
Notes paid in full in 2013	\$ -	\$ 144,355
Less current portion of long-term debt	<u>-</u>	<u>47,875</u>
	<u>\$ -</u>	<u>\$ 96,480</u>

The notes payable referred to above were secured by substantially all organizational assets and the personal guarantees of three Board Members.

DISCOVERY CHARTER SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2013 AND 2012

NOTE F: RETIREMENT PLANS

The Organization participates in the New York State Teachers' Retirement System (NYSTRS). This System is a cost sharing multiple employer public employee retirement system. The System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

The risks of participating in multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If Discovery Charter School chooses to stop participating in its multiemployer plan, the School may be required to pay that plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods, Albany, NY 12211-2395.

The System is noncontributory for the employee, except for those who joined the System after July 27, 1976 and before January 1, 2010 with less than ten years membership, who contribute 3% of their salary. Those joining on or after January 1, 2010 are required to contribute 3.5% of their annual salary for their entire career. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The Organization is required to contribute at an actuarially determined rate, currently 11.84% of the annual covered payroll for the fiscal year ended June 30, 2013. The rate applicable to the period ended June 30, 2012 was 11.11%. The Organization's contributions made to the system was equal to 100% of the contributions required for each year. The required contributions for the current year and preceding period was:

2013	\$111,667
2012	\$ 78,638

Effective July 2012, the School established an Employee Retirement 403(b) Plan for all employees. The School may make a discretionary contribution to the Plan. There were no discretionary contributions made by the School for the year ended June 30, 2013.

DISCOVERY CHARTER SCHOOL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd

JUNE 30, 2013 AND 2012

NOTE G: CONTINGENCY

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

NOTE H: CONCENTRATION

At June 30, 2013 and 2012, approximately 100% of grants and other receivables are due from the New York State Department of Education relating to certain grants.

The School's primary source of funding is obtained from the New York State Department of Education and is reported as public school district income in the accompanying statement of activities and changes in net assets. This funding is based on the home district of each pupil and is received from various districts. The total per pupil allocation income for the year ended June 30, 2013 and the period ended June 30, 2012 was \$2,047,711 and \$1,473,980, respectively. This is approximately 79% and 68% of total operating revenue and support for the year ended June 30, 2013 and the period ended June 30, 2012, respectively. The per-pupil rate is set annually by the State and is currently frozen at 2011 rates.

NOTE I: MAJOR GRANTOR

One federal start-up grant accounted for over 15% of total operating revenue and support for the period ended June 30, 2012. There were no grants over 10% of total operating revenue and support for the year ended June 30, 2013.

NOTE J: SUBSEQUENT EVENTS

In July 2013, the Organization entered into a sublease agreement with a corporation agreeing to sublease space in their building (Note B). The sublease agreement expires on June 30, 2016. Rent is based each year on the number of square feet used by the corporation. Future minimum rents to be received are as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2014	\$ 75,000
2015	76,533
2016	78,066
	<u>\$ 229,599</u>

Effective July 8, 2013, the School entered into a promissory note with a foundation that allows for borrowings of up to \$150,000 per year for the next three years up to a total of \$450,000. As of the date of this report there have been no borrowings on the promissory note.

DISCOVERY CHARTER SCHOOL

OTHER CONSOLIDATING FINANCIAL INFORMATION



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATING FINANCIAL INFORMATION

Board of Trustees
Discovery Charter School

We have audited the consolidated financial statements of Discovery Charter School as of and for the year ended June 30, 2013, and we have issued our report thereon dated October 22, 2013, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2013 consolidating financial information hereinafter is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements for the year ended June 30, 2013, as a whole.

We have also audited the consolidated financial statements of Discovery Charter School as of June 30, 2012 and for the period from February 9, 2006 (date of inception) to June 30, 2012, which expressed an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2012 consolidated financial information hereinafter is presented for purposes of additional analysis and is not a required part of the 2012 consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2012 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2012 consolidated financial statements or to the 2012 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements for the year ended June 30, 2012, as a whole.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
October 22, 2013

- 17 -

100 Chestnut Street | Suite 1200 | Rochester, NY 14604 | P 585.423.1860 | F 585.423.5966 | mengelmetzgerbarr.com

Additional Offices: Elmira, NY • Hornell, NY • Ithaca, NY • An Independent Member of the BDO Seidman Alliance

WE VALUE YOUR FUTURE

DISCOVERY CHARTER SCHOOL

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2013

<u>ASSETS</u>	<u>Discovery Charter School</u>	<u>Friends of Discovery Charter School, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<u>CURRENT ASSETS</u>				
Cash	389,376	\$ 11,101	\$ -	\$ 400,477
Cash in escrow	50,000	-	-	50,000
Grants and other receivables	77,637	-	-	77,637
Prepaid expenses	4,102	-	-	4,102
TOTAL CURRENT ASSETS	521,115	11,101	-	532,216
<u>PROPERTY AND EQUIPMENT, net</u>	164,407	-	-	164,407
TOTAL ASSETS	\$ 685,522	\$ 11,101	\$ -	\$ 696,623
 <u>LIABILITIES AND NET ASSETS</u>				
<u>CURRENT LIABILITIES</u>				
Current portion of long-term debt	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued expenses	74,835	-	-	74,835
Accrued payroll and benefits	162,106	-	-	162,106
TOTAL CURRENT LIABILITIES	236,941	-	-	236,941
Long term debt	-	-	-	-
<u>NET ASSETS</u>				
Unrestricted	417,676	1,101	-	418,777
Temporarily restricted	30,905	10,000	-	40,905
TOTAL NET ASSETS	448,581	11,101	-	459,682
TOTAL LIABILITIES AND NET ASSETS	\$ 685,522	\$ 11,101	\$ -	\$ 696,623

DISCOVERY CHARTER SCHOOL

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED JUNE 30, 2013

	<u>Discovery Charter School</u>	<u>Friends of Discovery Charter School, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
Operating revenue and support:				
Public school districts:				
Per pupil allocation income	\$ 2,047,711	\$ -	\$ -	\$ 2,047,711
District textbooks in-kind	14,790	-	-	14,790
Students with disabilities	<u>2,303</u>	<u>-</u>	<u>-</u>	<u>2,303</u>
Total revenue from public school districts	2,064,804	-	-	2,064,804
Federal and State grants	460,209	-	-	460,209
Private grants	5,700	53,380	-	59,080
Contributions	-	-	-	-
Donated supplies, materials and services	5,310	774	-	6,084
Interest income	<u>162</u>	<u>-</u>	<u>-</u>	<u>162</u>
Total other revenue and support	<u>471,381</u>	<u>54,154</u>	<u>-</u>	<u>525,535</u>
TOTAL OPERATING REVENUE AND SUPPORT	2,536,185	54,154	-	2,590,339
Expenses:				
Program services				
Regular education	1,683,879	27,500	-	1,711,379
Special education	162,142	-	-	162,142
Supporting services				
Management and general	372,791	17,463	-	390,254
Fundraising and special events	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENSES	<u>2,218,812</u>	<u>44,963</u>	<u>-</u>	<u>2,263,775</u>
CHANGE IN NET ASSETS	317,373	9,191	-	326,564
Net assets at beginning of period	<u>131,208</u>	<u>1,910</u>	<u>-</u>	<u>133,118</u>
NET ASSETS AT END OF YEAR	<u>\$ 448,581</u>	<u>\$ 11,101</u>	<u>\$ -</u>	<u>\$ 459,682</u>

DISCOVERY CHARTER SCHOOL

SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2013 AND 2012

AND

THE PERIOD FROM DECEMBER 14, 2010 (DATE OF INCEPTION) TO JUNE 30, 2011

THE PERIOD FROM DECEMBER 14, 2010 (DATE OF INCEPTION) TO JUNE 30, 2012

	<u>Year ended June 30,</u>		<u>Period from</u>	<u>Period from</u>
	<u>2013</u>	<u>2012</u>	<u>December 14,</u>	<u>December 14,</u>
			<u>2010 (date of</u>	<u>2010 (date of</u>
			<u>inception) to</u>	<u>inception) to</u>
			<u>June 30, 2011</u>	<u>June 30, 2012</u>
Total revenue from public school districts	\$ 2,064,804	\$ 1,508,443	\$ -	\$ 1,508,443
Federal and State grants	460,209	483,680	-	483,680
Private grants	5,700	17,500	5,000	22,500
Contributions	-	11,459	13,800	25,259
Donated supplies, materials and services	5,310	15,052	-	15,052
Interest income	162	-	-	-
TOTAL OPERATING REVENUE				
AND SUPPORT	2,536,185	2,036,134	18,800	2,054,934
Personnel Service Costs				
Administrative Staff	203,160	110,753	36,506	147,259
Instructional Personnel	643,182	602,994	-	602,994
Non-instructional Personnel	269,407	164,543	-	164,543
Total Salaries and Wages	1,115,749	878,290	36,506	914,796
Payroll taxes and employee benefits	291,294	248,480	10,161	258,641
Professional development	8,933	2,441	4,264	6,705
Legal fees	33,102	16,019	8,910	24,929
Audit fees	12,092	8,500	-	8,500
Professional fees - education	112,933	74,917	14,333	89,250
Professional fees - other	28,252	26,769	13,383	40,152
Curriculum/classroom expenses	70,273	56,642	437	57,079
Supplies/ materials	39,147	17,616	585	18,201
Food service fees	108,737	75,250	-	75,250
Student Transportation Services	20,518	23,236	-	23,236
Travel/conferences	3,535	2,493	-	2,493
Postage, printing, and copying	2,752	4,240	-	4,240
Insurance	13,904	12,476	3,008	15,484
Information technology	25,932	25,952	-	25,952
Leased equipment	2,706	-	-	-
Non-capitalized Equipment/Furnishings	2,134	74,258	1,020	75,278
Repairs and Maintenance	27,656	15,012	-	15,012
Depreciation and amortization	42,855	18,700	-	18,700
Occupancy	230,485	232,224	-	232,224
Moving expense	17,300	-	-	-
Interest	3,945	7,243	865	8,108
Other expenses	4,578	8,243	1,253	9,496
TOTAL EXPENSES	2,218,812	1,829,001	94,725	1,923,726
CHANGE IN NET ASSETS	\$ 317,373	\$ 207,133	\$ (75,925)	\$ 131,208

DISCOVERY CHARTER SCHOOL
REPORT REQUIRED BY GOVERNMENT AUDITING STANDARDS



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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

Board of Trustees
Discovery Charter School

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 consolidated financial statements of Discovery Charter School, which comprise the consolidated statement of financial position as of June 30, 2013 and the related consolidated statements of activities and changes in net assets, 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 22, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Discovery Charter 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 opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Discovery Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of Discovery Charter School's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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 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. We consider the deficiency described in the accompanying Schedule of Findings and Responses to be a material weakness, 2013-1.

- 22 -

100 Chestnut Street | Suite 1200 | Rochester, NY 14604 | P 585.423.1860 | F 585.423.5966 | mengelmetzgerbarr.com

Additional Offices: Elmira, NY • Hornell, NY • Ithaca, NY • An Independent Member of the EEO Seidman Alliance

WE VALUE YOUR FUTURE

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Discovery Charter School's consolidated 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 have reported to management of Discovery Charter School in a separate letter dated October 22, 2013.

Discovery Charter School's Response to Finding

Discovery Charter School's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Discovery Charter School's response was not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on it.

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.

Restricted Use

This report is intended solely for the information and use of the Board of Trustees, management, federal, state and local awarding agencies, the New York State Education Department and others within the Charter School and is not intended to be and should not be used by anyone other than these specified parties.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 22, 2013

DISCOVERY CHARTER SCHOOL
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2013

Finding 2013-1

Statement of condition

We noted during our audit a material misstatement of Federal Charter School Program grant revenue and accounts receivable.

Criteria and effect of conditions

The June 2013 invoice submitted for the Federal Charter School Program grant was not recorded as of June 30, 2013. This resulted in recognition of approximately \$37,500 of revenue and additional accounts receivable to correspond with the amount expended by the School and vouchered but not received as of June 30, 2013. This is considered to be a material weakness.

Recommendation

We recommend management review grant revenues and expenses closely at year end and throughout the year to ensure that all amounts incurred and reimbursable under the grant agreement is recorded properly.

Management response

The School was involved with a move that coincided with year-end accounting and the audit. For an extended period of time at year-end and beyond, the School was without access to any of its computer files. Thus, we were unable to perform extensive financial review as typically occurs at year-end. It is with great assurance that this atypical circumstance will not occur in the future and all revenues and expenses will be recorded in accordance with appropriate accounting principles.

DISCOVERY CHARTER SCHOOL

AGREED UPON PROCEDURES

YEAR ENDED JUNE 30, 2013



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON CSP FUNDING

Board of Directors
Discovery Charter School

We have performed the procedures identified below, which were agreed to by the management of Discovery Charter School (the "Charter School") and the New York State Education Department ("NYSED"), solely to assist the specified parties in evaluating the Charter School's assertion to NYSED that it has maintained compliance with the requirements of the CSP grant and Federal and NYSED guidelines in managing the CSP grant.

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 specific users of the 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 No. 1: We will obtain the detail of expenditures incurred for the period under review relating to the CSP grant from the Charter School's accounting software and reconcile to the grant revenue recorded by the Charter School. If the CSP grant revenue does not equal the grant expenditures, we will investigate the differences.

Result

We obtained the detail of expenditures incurred for the period under review relating to the CSP grant from the Charter School's accounting software and reconciled to the grant revenue recorded by the Charter School. We observed that the CSP grant revenue did not equal the grant expenditures. We noted that \$37,512 of revenue that corresponded with amounts expended by the School and vouchered had not been recorded. The School was involved with a move that coincided with year-end accounting. For an extended period of time at year-end and beyond, the Charter School was without access to any of its computer files and, therefore, was unable to perform extensive financial review as typically occurs at year-end. The error was corrected during the School's June 30, 2013 year-end audit.

- 1 -

100 Chestnut Street | Suite 1200 | Rochester, NY 14604 | P 585.423.1860 | F 585.423.5966 | mengelmetzgerbarr.com

Additional Offices: Elmira, NY • Hornell, NY • Ithaca, NY • An Independent Member of the BDO Seidman Alliance

WE VALUE YOUR FUTURE

Procedure No. 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

We observed the Charter School's approved FS-10, FS-10-A, and final expenditure summary, and it appears that revenue and expenditures in the period are reasonable.

Procedure No. 3: We will select a sample of expenditures from the detail obtained in Procedure No. 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 other expense 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

Based on our testing of selected payroll items and other expenses, we noted expenditures appear to be in accordance with the purpose of the grant and that pre-opening expenditures are charged to pre-opening periods, the expenditures fall into an approved budget category, and the expenditures were charged to the appropriate fiscal period.

Procedure No. 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 No. 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 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 4 (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

We obtained the Charter School's FS-25 and noted the selected items were appropriately included in the request for reimbursement. The requests for reimbursement on selected expenditures appear to be in the appropriate period. The Charter School's FS-25 had a balance on Line 4 (Cash Expenditures Anticipated During Next Month). We noted the funds were not expended within one month following the date of the request. Amounts not expended within one month amounted to \$5,831. Per discussion with management, these amounts were not expended within one month due to the timing of the School being invoiced for the expenditures.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on Discovery 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 use of the Discovery 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.

Mengel, Metzger, Barz & Co. LLP

Rochester, New York
July 26, 2013

DISCOVERY CHARTER SCHOOL

ADVISORY COMMENT LETTER

JUNE 30, 2013



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

October 22, 2013

To the Board of Trustees
Discovery Charter School

In planning and performing our audit of the financial statements of Discovery Charter School (the "Charter School") as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the Charter 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 Charter School's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter School's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weakness may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 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. We consider the following deficiency in the entity's internal control to be a material weakness:

Revenue Recognition

We noted during our audit that the June 2013 invoice submitted for the Federal Charter School Program grant was not recorded as of June 30, 2013. This resulted in recognition of approximately \$37,500 of revenue and additional accounts receivable to correspond with the amount expended by the School and vouchered but not received as of June 30, 2013.

Recommendation

We recommend management review grant revenues and expenses closely at year end and throughout the year to ensure that all amounts incurred and reimbursable under the grant agreement is recorded properly.

- 1 -

100 Chestnut Street | Suite 1200 | Rochester, NY 14604 | P 585.423.1860 | F 585.423.5966 | mengelmetzgerbarr.com

Additional Offices: Elmira, NY • Hornell, NY • Ithaca, NY • An Independent Member of the BDO Seidman Alliance

WE VALUE YOUR FUTURE

During the course of our audit of the financial statements of Discovery Charter School as of and the year ended June 30, 2013, we observed the Charter School's significant accounting policies and procedures and certain business, financial and administrative practices. As a result of our observations, we suggest you consider the following comments which we do not consider to be significant deficiencies or material weaknesses:

Director Reimbursement Forms

During our audit, we noted the Discovery Charter School's Financial Procedures states the reimbursement forms submitted by the Director shall be reviewed and approved for payment by a member of the Board of Trustees. In our testing, we noted the Director's reimbursement forms were being reviewed by the Business Manager instead of a member of the Board and the Director signed the check written to himself.

Recommendation

We recommend a Board member review and approve all of the Director's expense reimbursement forms and someone other than the Director sign his checks.

Business Manager Review

During our audit, we noted the Business Manager reviews both the bank reconciliations and billing invoices prepared by the Office Manager, but is not signing off as evidence of her approval.

Recommendation

We recommend the Business Manager initial or sign off and date any items she reviews to provide evidence that a review has been made in accordance with the School's Financial Procedures.

Status of matters included in our letter as of June 30, 2012, dated October 2, 2012

Financial Policies and Procedures

During our audit, we reviewed the Discovery Charter School's Financial Procedures to gain an understanding of the controls in place at the Charter School. We then selected certain of these procedures to determine that the controls were operating as described in the manual. Our tests disclosed certain controls, as listed below, where the procedure was not included.

1. Bids and quotes

The Financial Procedures do not mention competitive bidding procedures for purchases exceeding a certain dollar value in aggregate. Based on our discussions with management, it appears that management has been using State approved vendors for all their purchases. Competitive bids were acquired for one purchase, however, we were not able to observe any documentation that this process had occurred. We recommend the Charter School implement a policy in which management will obtain competitive bids for purchases over a certain dollar amount. We also recommend the Organization retain documentation of the quotes received when competitive bidding is required. In situations where competitive bidding is not required, this fact, along with the appropriate reason for exemption should be documented on the purchase order or purchase request form.

Status as of June 30, 2013

Based on our discussions with management, there have been no bids obtained during the year; however, the Board adopted a policy on competitive bidding in August 2013.

2. *Purchase order or purchase request forms*

The Financial Procedures do not require the use of purchase orders or purchase request forms. We noted during our audit that all invoices are signed after goods have been purchased. Purchase orders prevent inappropriate expenditures and help keep management informed of future cash needs. We recommend the Charter School implement a purchase order policy requiring all purchases have purchase orders completed and approved prior to the procurement of goods when possible. If goods are required to be purchased on short notice, the Charter School should make every effort to ensure the reasons for obtaining approval afterwards are adequately documented.

Status as of June 30, 2013

During our audit we noted the Charter School has implemented the use of purchase orders which are being reviewed and authorized for purchases made by the school.

3. *Grants and Federal and State Funding*

The Financial Procedures do not contain policies and procedures over the grants and federal and state funding that is received by the Charter School. Policies and procedures over grants and funding prevent erroneous submissions of expenses and request for funds. These policies also provide management with greater understanding of what the funding can be used for and amounts available for use to the school. We recommend the Charter School implement policies and procedures over the grants and federal and state funding. These policies and procedures should include tagging of expenses and purchases to the grants at the time of purchase, as well as having the Business Manager prepare the grant submissions based on the tagging.

Status as of June 30, 2013

The Board adopted a policy on grants and federal and state funding in August 2013.

Credit Cards

During our audit, we noted the Charter School is using credit cards at certain vendors for normal, recurring expenses. While credit cards do provide benefits to the Charter School, they can also provide a significant opportunity for fraud if not properly monitored. Strong controls over credit card usage will protect the Charter School from unauthorized or fraudulent transactions. During our testing of controls surrounding the credit card, we noted there is no formal sign off by the Business Manager showing that the credit card reconciliation was reviewed.

Recommendation

We recommend the Business Manager formally sign off on the credit card reconciliation after the credit card expense packet has been reviewed.

Status as of June 30, 2013

During our audit we noted the Business Manager is not formally signing off on the credit card reconciliation after the credit card expense packet has been reviewed. As part of our testing, we selected two months of credit card statements to ensure reconciliations were performed and all credit card receipts were included. We noted that one of twenty-one total purchases for the two months was missing a credit card receipt for \$184. Based on discussions with the Business Manager, the purchase was made for books and supplies for the school from Amazon.

Payroll Processing

During our audit, we reviewed Discovery Charter School's Financial Procedures to gain an understanding of the controls in place surrounding payroll. We noted the Procedures state the payroll reports are to be reviewed and initialed by the Director. During our tests of the controls, we noted the Director has not been signing off on the payroll reports.

Recommendation

The Director should initial the payroll reports after reviewing them to document the reports have been reviewed as stated in the procedures.

Status as of June 30, 2013

During our audit we noted the Business Manager is reviewing and documenting her review of the payroll reports instead of the Director. The Board approved this change to the policy in August 2013.

Full-time Equivalent Enrollment Reconciliation

During our audit we noted the full-time equivalent enrollment reconciliation is reviewed by the Business Manager. The reconciliation should be reviewed by a member of management who has intimate knowledge of the students in the school to prevent erroneous submissions.

Recommendation

The Director should be reviewing the full-time equivalent enrollment reconciliation to ensure that students are properly presented on the reconciliation.

Status as of June 30, 2013

No changes noted

Capitalization of Property and Equipment

During our audit, we reviewed the capitalized assets and the policies surrounding them. The policy for capitalization states that only assets individually over \$2,500 will be capitalized. During our audit, we noted there were inconsistencies in application of the capitalization policy.

Recommendation

The Charter School should follow the capitalization policy or modify the policy to coincide with the practices of the School.

Status as of June 30, 2013

During our audit we noted there were still inconsistencies in the application of the capitalization policy.

* * * * *

We believe that the implementation of these recommendations will improve the efficiency of the Charter School's internal control. We have already discussed these comments and suggestions with School personnel and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This communication is intended solely for the information and use of Management and Board Members and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the outstanding cooperation from your staff that our personnel received during the audit of the Charter School's financial statements. Should you have any questions or comments, please contact Michelle Cain.

Very truly yours,

Mengel, Metzger, Barr & Co. LLP

MENGEL, METZGER, BARR & CO. LLP

DISCOVERY CHARTER SCHOOL APPROVED BUDGET FOR 2013-14				
Total Revenue				3,006,255
Total Expenses				3,091,559
Net Operating Surplus/(Deficit)				(85,304)
Other Non-operating Expenditures				-
Net Surplus/(Deficit) including Revenue for Capital Expenditures				(85,304)
Average Student Enrollment				210
				YR3- BOARD APPROVED 7/18/2013
				2013-14
REVENUE				
REVENUES FROM STATE SOURCES				
	Per Pupil Revenue:	CY Per Pupil Rate		
	Rochester City School District	12,090		2,405,910
	Greece Central School District	10,979		54,895
	East Irondequoit Central School District	11,557		11,557
	Rush Henrietta Central School District	12,330		24,660
	West Irondequoit Central School District	10,413		31,239
		-		
	TOTAL Per Pupil Revenue			2,528,261
	Special Education Revenue		-	2,200
	Grants			
	Other		-	-
	TOTAL REVENUE FROM STATE SOURCES		-	2,530,461
REVENUE FROM FEDERAL FUNDING				
	IDEA Special Needs			200
	Title I			134,515
	Title IIA			6,754
	CSP (Non-capital)			25,000
	Child Nutrition Funding-State/Federal			164,000
	Fresh Fruits and Vegetables			10,140
	Grants			
	TOTAL REVENUE FROM FEDERAL SOURCES			340,609
LOCAL and OTHER REVENUE				
	Contributions and Donations			20,000
	Rental Income			93,500
	Erate Reimbursement		-	21,685
	Text Book		-	-
	TOTAL REVENUE FROM LOCAL and OTHER SOURCES		-	135,185
	TOTAL REVENUE		-	3,006,255
EXPENSES				
ADMINISTRATIVE STAFF PERSONNEL COSTS				
	Director		-	115,000
	Business Manager		-	66,950
	Office Manager		-	47,174
	Administrative Assistant			21,216
	TOTAL ADMINISTRATIVE STAFF		-	250,340
INSTRUCTIONAL PERSONNEL COSTS				

			YR3- BOARD APPROVED 7/18/2013
			2013-14
	Classroom Teacher K-4	-	436,309
	Intervention Specialist	-	89,673
	TESOL		8,750
	Art		47,277
	Special Ed. Teacher		67,192
	Music		40,000
	Physical Education		45,000
	Substitute Teachers	-	76,500
	Teaching Assistants	-	88,318
	Support Teachers		26,250
	Curriculum Coordinator	-	52,427
	Director		55,000
	Parent Liaison		10,000
	Teacher on Special Assignment		33,000
	Counselor	-	46,350
	TOTAL INSTRUCTIONAL	-	1,122,046
	INSTRUCTIONAL/BAND INCREASE/SALARY ADJUSTMENTS PERSONNEL COSTS		
	Food Service	-	20,706
	TOTAL NON-INSTRUCTIONAL	-	20,706
	TOTAL PERSONNEL SERVICE COSTS	-	1,393,092
	PAYROLL TAXES AND BENEFITS		
	Payroll Taxes/Fringe/Benefits/Retirement		427,678
	Performance Bonus		32,500
	TOTAL PAYROLL TAXES AND BENEFITS	-	460,178
	TOTAL PERSONNEL SERVICE COSTS	-	1,853,270
	CONTRACTED SERVICES		
	Accounting / Audit		13,500
	Consultants-Exp. Learning		59,650
	Consultants - Technical Assist.		10,000
	Legal		25,000
	Landlord - IT		24,125
	Landlord - Admin		527
	Nurse Services		1,000
	Food Service / School Lunch		144,000
	Enrichment		60,000
	Payroll Services		4,500
	Human Resources		3,000
	Other Purchased / Professional / Consulting		22,000
	TOTAL CONTRACTED SERVICES	-	367,302
	SCHOOL OPERATIONS		
	Board Expenses		500
	Classroom / Teaching Supplies & Materials		30,600
	Special Ed Supplies & Materials		3,150
	Textbooks / Workbooks		25,000
	Minor Equipment / Furniture		3,000

				YR3- BOARD APPROVED 7/18/2013
				2013-14
		Telephone		24,095
		Technology- Computers/Software		19,000
		Student Testing & Assessment		5,000
		Postage/Printing/Copying		5,000
		Field Trips		5,250
		Transportation (student)		28,800
		Office Expense		9,600
		Staff Development (non EL)		12,000
		Uniforms		1,000
		Student Recruitment / Marketing		1,500
		School Meals / Lunch Supplies		1,000
		Travel (Staff)		5,000
		Meeting Expenses		500
		Subscriptions/Memberships		4,300
		Other		500
		TOTAL SCHOOL OPERATIONS		184,795
		FACILITY OPERATION & MAINTENANCE		
		Insurance		15,000
		Janitorial		-
		Building and Land Rent / Lease		578,074
		Repairs & Maintenance		5,000
		Equipment / Furniture (includes leases)		2,118
		Security	-	-
		Utilities	-	-
		TOTAL FACILITY OPERATION & MAINTENANCE	-	600,192
		OTHER EXPENSES		
		Interest Expense		-
		Moving Expense		21,000
		Depreciation/Amortization		55,000
		Contingency		10,000
		TOTAL OTHER EXPENSES	-	86,000
		TOTAL EXPENSES	-	3,091,559
		<i>Net Operating Surplus/(Deficit)</i>	-	(85,304)
		CSP Capital Grant		
		Donations for Capital		
		<i>Net Surplus/(Deficit) including Revenue for Capital Expenditures</i>	-	(85,304)

Appendix E: Disclosure of Financial Interest Form

Created Wednesday, July 24, 2013

Page 1

260801861002 DISCOVERY 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 2012-13 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-disclosure-of-financial-interest-form/>.

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 <http://fluidsurveys.com/account/surveys/210748/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 24, 2013

Page 1

260801861002 DISCOVERY 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	David Vigren	Chair/President	Yes	Business & Finance	Initial trustee First elected 1.10 Current term expires 7.16	Executive Compliance Audit/Finance
2	Daniel Aureli	Vice Chair/Vice President	Yes	Legal	Initial trustee First elected 1.10 Current term expires 7.15	Executive Compliance
3	Betsy Archibald	Treasurer	Yes	CPA	Initial trustee First elected 1.10 Current term expires 7.16	Executive Audit/Finance
4	Grace Tillinghast	Secretary	Yes	Education & Fundraising	Initial trustee First elected 1.10 Current term expires 7.15	Executive
5	Donna Dedee Doyle	Member	Yes	Education	First elected 8.12 Current term expires 7.15	
6	Barthelemy Koumassou	Parent Rep	Yes	Education & DCS Parent	First elected 8.12 Current term expires 7.15	
7	Joseph Martino	Member	Yes	Education & Business	Initial trustee First elected 1.10 Current term expires 7.14	Audit/Finance HR/Personnel
8	Delmonize Smith, PhD	Member	Yes	Education, Business & HR	First elected 4.11 Current term expires 7.15	HR/Personnel
9	Ferris Todd, EdD LMFT	Member	Yes	Family Counseling	First elected 10.11 Current term expires 7.15	HR/Personnel
10	Sara Varhus, PhD	Member	Yes	Education	First elected 10.11 Current term expires 7.16	HR/Personnel Compliance
11						
12						
13						
14						
15						
16						
17						
18						
19						

2. Total Number of Members Joining Board during the 2012-13 school year

2

3. Total Number of Members Departing the Board during the 2012-13 school year

0

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

11

5. How many times did the Board meet during the 2012-13 school year?

15

6. How many times will the Board meet during the 2013-14 school year?

14

Thank you.

DISCOVERY CHARTER SCHOOL
Board Meeting Minutes Y2: 2012/2013

July 10, 2012

A Board of Trustees Meeting was held on July 10, 2012, at 6:00 p.m. at Bishop Kearney High School; 125 Kings Highway South: Rochester, New York.

Trustees Present: Betsy Archibald; Daniel Aureli; Delmonize Smith; Ferris Todd; Sara Varhus; David Vigen

Also Present: Valerie Nolan, Chameleon Community Schools Project; Joseph Saia, Director; Joyce Martelli, Business Manager

1. Call to Order

The Chair called the meeting to order at 6:10 p.m. and it was determined that a lawful quorum was present.

2. Proof of Public Notice of Meeting

Public Notice was provided in the Messenger Post.

3. Approval of Minutes of Previous Meeting

A motion to approve the minutes of the June 14, 2012 meeting was made by Mrs. Archibald, seconded by Mr. Smith and unanimously approved.

4. Board Committees

a. Committee Structure. A review of the current standing and ad hoc board committee structure took place. As a result of this discussion, a **Resolution (#72)** creating a standing Compliance Committee of the board was moved by Mrs. Archibald, seconded by Mr. Aureli and unanimously approved.

b. Committee Membership. A **Resolution (#73)** listing the standing committee members for the next fiscal year was moved by Mrs. Archibald, seconded by Mr. Aureli and unanimously approved.

5. Annual Report

An early draft of the school's first Annual Report was reviewed. It was the consensus of the board that the Executive Committee should review and approve the final copy of the Annual Report when it is completed later this month.

6. Year 1 Performance Bonus

A recommendation to approve the distribution of \$14,000 to staff acknowledging superior school performance during its first year was reviewed. A **Resolution (#74)** to approve payment of the Performance Bonus was made by Mr. Smith, seconded by Mrs. Archibald and unanimously approved.

7. Year 2 Goals

Goals for the school's second year of operation, which had been worked on by the board and School Director, were reviewed. It was the consensus of the board that reporting should be quarterly where possible. A **Resolution (#75)** to formally establish goals and areas of focus for the school for its second year of operation was made by Ms. Todd, seconded by Mrs. Varhus and unanimously approved.

8. Ratify Exhibit A to Lease

A **Resolution (#76)** to ratify the approval and execution by the board chair of Exhibit A to the school's lease (area to be leased) was moved by Mr. Aureli, seconded by Mrs. Varhus and unanimously approved.

9. Ratify Kearney/Discovery MOU

A **Resolution (#77)** to ratify the approval and execution by the School director and Business Manager of a Memorandum of Understanding between Kearney and Discovery was moved by Mr. Aureli, seconded by Mrs. Archibald and unanimously approved.

10. Ratify Auditor Letter of Understanding

A **Resolution (#78)** to ratify the approval and execution by the board chair of a revised letter of understanding between Mengel Metzger Barr & Company and Discovery was moved by Mrs. Archibald, seconded by Mrs. Varhus, and unanimously approved.

11. Director's Report

a. Academic Progress. Mr. Saia reviewed the fourth quarter academic Assessment Data report. Continued progress was noted.

b. Charter Change Letter. Mr. Saia reviewed with the board a proposed letter to the State Education Department requesting a non-material change to the school's charter involving its assessment plan. A motion to approve the letter was made by Mrs. Archibald, seconded by Ms. Todd and unanimously approved.

Mr. Saia briefly reviewed other items on his report outline distributed to the board prior to the meeting.

12. Business Manager's Report

a. Enrollment Report. The Enrollment Report as of June 30 shows 124 students in the school at the end of the school year, with a wait list of 229 arising primarily from the 2011 Lottery. For the coming academic year, enrollment stands at 176 with a current wait list of 282, arising primarily from the 2012 Lottery.

b. Audit Progress. Mrs. Martelli reported that the external auditors plan to be in the building shortly. Records requested have been furnished.

c. Health Insurance. Mrs. Martelli reported that employees have accepted the health insurance plan changes and 6 have signed up for the new High Deductible plan. 7 have waived coverage. She asked the board when it would prefer to make the opt-out payments and make the contributions to employee HSA accounts. After discussion, a motion to make the payments and contributions in conjunction with the first pay day in September was made by Mrs. Archibald, seconded by Mr. Aureli and unanimously approved.

13. Finance Committee Report

a. Monthly Statements. The June 30, 2012 statement of revenue and expenses for Friends of Discovery Charter School was reviewed. It was noted that the school's June 30, fiscal year-end financial statements will be available for review at the next board meeting.

b. Grants. Information concerning Child Nutrition program payments was briefly reviewed. It was noted that no payments have been received for Title I, Title IIa or the CSP grant were received in June.

c. Check Detail Report. The Chair called for questions on the June Check Detail report distributed before the meeting. There were none.

d. Checks over \$5,000. A *Resolution (#79)* authorizing a payment over \$5,000 was moved by Mr. Aureli, seconded by Mr. Smith and unanimously approved.

14. Old Business

a. Facilities. Mr. Vigren noted that Highmark Schools continues to show interest in helping Discovery obtain a permanent facility. In addition, a local person of means continues to show interest as well.

15. New Business

a. Facebook. Mr. Smith briefly outlined that 8 RIT students and 8 students from RCSD will be working on the school's Facebook project and other work this summer.

b. Celebration. Mr. Aureli announced that he will not be able to host the August 6 celebration for medical reasons.

16. Motion to Adjourn

A motion to adjourn was made by Mrs. Archibald, seconded by Mrs. Varhus and unanimously approved at 7:53 pm.

August 9, 2012

A Board of Trustees Meeting was held on August 9, 2012, at 6:00 p.m. at Bishop Kearney High School; 125 Kings Highway South: Rochester, New York.

Trustees Present: Betsy Archibald; Daniel Aureli; Joseph Martino; Delmonize Smith; Grace Tillinghast; Ferris Todd; Sara Varhus; David Vigren

Also Present: Valerie Nolan, Chameleon Community Schools Project; Steven Polowitz, Attorney; Joseph Saia, Director; Joyce Martelli, Business Manager

1. Call to Order

The Chair called the meeting to order at 6:00 p.m. and it was determined that a lawful quorum was present.

2. Proof of Public Notice of Meeting

Public Notice was provided in the Messenger Post.

3. Approval of Minutes of Previous Meeting

A motion to approve the minutes of the July 10, 2012 meeting was made by Mr. Martino, seconded by Mr. Aureli and unanimously approved.

4. Expeditionary Learning Annual Evaluation

Ms. Cheryl Dobbertin, EL School Designer, presented EL's annual evaluation of Discovery Charter School. She began her review by indicating that Discovery "has tremendous potential to be a leadership EL school." She reviewed the school's implementation review scores for 33 different practices, scores ranging from 5 (exemplary) to 1 (emerging). Discovery's "Positive School Culture" was rated 5. "Fitness and Wellness" and "Communicating Student Achievement" were rated 1. The other 30 practices were rated between these extremes with four receiving a 4 rating; eleven receiving a 3 rating; thirteen receiving a 2 rating. The school's overall rating at the end of its first year is 2.6, a significant achievement for a school completing its first year.

5. Trustee Nominations

a. Parent Representative. Mrs. Varhus discussed the work of the ad hoc Nominating Committee formed to present to the board a nominee for Parent Representative Trustee. The nomination of Mr. Barthelemy Koumassou as the school's Parent Representative Trustee was moved by Mrs. Varhus, seconded by Mrs. Tillinghast and unanimously approved for a term as specified in the bylaws, subject to approval of the NYS Education Department. Ms. Todd agreed to be Mr. Koumassou's mentor.

b. Donna Dedee. Mr. Vigren presented information concerning Mrs. Donna Dedee as a possible At Large Trustee. The nomination of Mrs. Donna Dedee as an At Large Trustee was moved by Mr. Vigren, seconded by Mr. Aureli and unanimously approved for a two year term, subject to approval of the NYS Education Department. Mrs. Varhus agreed to be Mrs. Dedee's mentor.

6. Annual Report

A **Resolution (#80)** to ratify action taken by the Executive Committee was moved by Ms. Todd, seconded by Mr. Martino and unanimously approved. Mrs. Tillinghast noted that the school's Annual Report is now on the website and was sent to the Irondequoit Post and Minority Reporter for publication.

7. After-Hours/Enrichment Program

Mr. Saia and Mr. Martino discussed the proposed DCS afterhours and student enrichment program for the coming school year. A **Resolution (#81)** approving a services contract with EnCompass to conduct the program was moved by Mrs. Varhus, seconded by Ms. Todd and unanimously approved, with Mr. Martino abstaining.

8. Director's Report

a. Personnel Recommendation. Mr. Saia presented three names of individuals to be hired for various positions. A **Resolution (#82)** approving conditional appointments of each individual was moved by Mrs. Archibald, seconded by Ms. Todd and unanimously approved.

b. EL Contract. Mr. Saia briefly discussed the agreement he signed with Expeditionary Learning for the coming year. A **Resolution (#83)** ratifying his execution of the contract was moved by Mr. Martino, seconded by Mrs. Varhus and unanimously approved.

Mr. Saia briefly reviewed certain other items on his report outline distributed to the board prior to the meeting.

9. Business Manager's Report

a. Enrollment Report. Mrs. Martelli noted that the school is scheduled to open August 20 with 176 students and a wait list of 282.

b. Audit Progress. Mrs. Martelli reported that the external audit continues to proceed smoothly. No significant changes to the June 30 financial statements are anticipated and a draft of the report is due August 31.

c. Cash Controls. Mrs. Martelli presented a proposed procedure entitled Internal Controls for Cash. Mr. Polowitz suggested, in order to be consistent with other sections in the document, use of the word "shall" instead of "should" in various sentences in the Cash Receipts section on page 2. It was noted that sales tax exemption forms are not to be given to employees, rather to vendors and suppliers only. Approval of the Internal Controls for Cash procedure, as amended, was moved by Mrs. Tillinghast, seconded by Ms. Todd and unanimously approved.

d. Janitorial Contract. Mrs. Martelli presented information concerning two possible suppliers of janitorial services. She recommended that the school continue using Highland Maintenance, Inc., at an annual cost of \$17,904, including certain

services enhanced from the school's first year of operation. Approval of her recommendation was moved by Mrs. Archibald, seconded by Mrs. Tillinghast and unanimously approved.

e. Student Management Software. Mrs. Martelli presented several options for student information management software. She reminded the board that we learned suddenly in June from Infinite Campus that the school could no longer use their software without paying a fee approaching \$55,000. She recommended that we adopt the Mindex/Monroe BOECS option for a first year cost of approximately \$16,000 and annual costs thereafter of approximately \$4,000. She indicated that the Mindex/Monroe BOECS system would be operative in October and that its cost could likely be included in the school's CSP grant. Mr. Smith urged that a service agreement be negotiated and that uptime specifications be included. Having been assured that would happen, approval of the Mindex/Monroe BOECS recommendation was moved by Mr. Smith, seconded by Mrs. Archibald and unanimously approved.

10. Finance Committee Report

a. June 30, 2012 Financial Statements. Mrs. Archibald presented the draft June 30 fiscal year end P&L showing an operating surplus of \$82,627 and a net surplus including revenue for capital expenditures of \$200,945. She also reviewed the draft June 30 Balance Sheet showing a positive Fund Balance (net worth) of \$125,020.

b. July 31, 2012 Friends Financial Statement. Mrs. Archibald briefly reviewed the Friends of DCS July 31 statement of Revenue and Expenses.

c. Grant Status. Mrs. Tillinghast reviewed the August 1 status of private grants.

d. Check Detail Report. The Chair called for questions on the July Check Detail Report. There were none.

e. Checks over \$5,000. A *Resolution (#84)* authorizing a payment of \$5,000 was moved by Mrs. Varhus, seconded by Mr. Martino and unanimously approved.

11. Old Business

a. Facilities. Mr. Vigren commented that HighMark Schools is planning a visit during the last week in August to further discuss facilities issues.

b. Website. In addition to noting the addition of the school's Annual Report to the website, Mrs. Tillinghast mentioned that the new school calendar has been posted as well.

12. New Business

The Chair asked if there was any new business to be considered. There was none.

13. Motion to Adjourn

A motion to adjourn was made by Mrs. Tillinghast, seconded by Mr. Smith and unanimously approved at 7:56 pm.

September 13, 2012

A Board of Trustees Meeting was held on September 13, 2012, at 6:00 p.m. at Bishop Kearney High School; 125 Kings Highway South; Rochester, New York.

Trustees Present: Betsy Archibald; Daniel Aureli; Donna Dedee; Barthelemy Koumassou; Joseph Martino; Ferris Todd; Sara Varhus; David Vigren

Also Present: Valerie Nolan, Chameleon Community Schools Project; Steven Polowitz, Attorney; Joseph Saia, Director

1. Call to Order

The Chair called the meeting to order at 6:00 p.m. and it was determined that a lawful quorum was present.

2. Proof of Public Notice of Meeting

Public Notice was provided in the Messenger Post.

3. Approval of Minutes of Previous Meeting

A motion to approve the minutes of the August 9, 2012 meeting was made by Mr. Martino, seconded by Ms. Todd and unanimously approved.

4. Trustee Nominees

In accordance with SED approval process guidelines concerning new trustees, a **Resolution (#85)** formalizing action taken by the board at its August 9 meeting was moved by Mrs. Archibald, seconded by Mrs. Varhus and unanimously approved.

5. 403(b) Plan

Upon instruction from the school's Business Manager, a **Resolution (#86)** required to implement the 403(b) Plan approved by the board at its May 10, 2012 meeting was moved by Mr. Aureli, seconded by Mrs. Archibald and unanimously approved.

6. Board Meeting Schedule

A recommendation to change the regular monthly board meeting dates in 2013 to the third Thursday of each month from the second Thursday (per schedule distributed prior to the meeting) was reviewed. In addition, a recommendation was made to change the October 2012 meeting date to October 18 and change the November 2012 meeting date to November 15. A motion to approve the meeting date changes for October and November 2012 and to approve the recommended meeting dates for 2013 was made by Ms. Todd, seconded by Mrs. Archibald and unanimously approved.

7. Business Manager Replacement

a. Restructuring. A proposal to restructure the administrative staffing of the school, provided to the board before the meeting, was discussed. The recommended changes include:

- Replacing the Business Manager with reduced scope of routine duties
- Increasing responsibilities and reducing routine work of the Office Manager
- Creating a new Administrative Assistant position
- Contracting human resources work to Education Enterprise of NY

A motion to approve the proposal was made by Mrs. Archibald, seconded by Mrs. Varhus and unanimously approved.

b. Recruiting. Mrs. Archibald reviewed actions taken to replace the Business Manager. A **Resolution (#88)** approving an emergency conditional appointment was moved by Mrs. Archibald, seconded by Mr. Martino and unanimously approved.

8. School Expansion

Mr. Vigren led the board in a discussion of potential expansion of the school beyond K-6. The "Expansion" document distributed to the board prior to the meeting was reviewed and discussed at some length. It was the general consensus of the board that eventual expansion to grades 7 and 8 would likely make sense but that expanding to grades 9-12 would require a great deal of investigation and

discussion. The board formed an ad hoc committee to investigate expansion beyond K-6 with an objective of bringing a preliminary recommendation to the board by November 1.

Mr. Martino (chair)
Mrs. Archibald
Mrs. Dedee
Ms. Todd
Mrs. Varhus

9. Facility Project

Mr. Vigren led the board in a discussion of the various facility issues and opportunities facing the school. The school has a lease that expires June 30, 2015 and will be filing its charter renewal application shortly thereafter. Both situations require extension of the lease or an alternate location for the duration of the charter renewal period. Currently, HighMark Schools, Inc., a national developer of charter school properties, is working with the school to acquire a permanent home. Also working with the school is Mr. John Summers of Graywood Development. Efforts are underway to solidify the school's home in the Kearney building but a deadline of 12/31/2012 for that to occur has been given to the school's landlord. Should a guarantee of space in the Kearney building not be in place by that date, a recommendation will be made to the board to vacate the Kearney building at the termination of the school's current lease and to immediately begin substantive work to develop a site elsewhere. The board formed an ad hoc committee to work on this project:

Mr. Vigren (chair)
Mr. Aureli
Mr. Martino
Ms. Todd

10. Director's Report

Mr. Saia presented the DCS Pledge and Code of Character, both of which have been created and refined by the staff and are increasingly becoming institutionalized throughout the school and its program. He also briefly reviewed the August 31 Enrollment Report noting 174 students enrolled at that time. Mr. Saia reviewed the janitorial contract that had been signed by the Business Manager. A **Resolution (#89)** ratifying the approval and execution of the contract was moved by Mr. Aureli, seconded by Ms. Todd and unanimously approved.

Mr. Saia briefly reviewed certain other items on his report outline distributed to the board prior to the meeting.

11. Finance Committee Report

a. FYE Audit. Mrs. Archibald indicated that the draft audit documents produced by Mengel Metzger Barr will be reviewed with them by the Audit/Finance Committee on October 2. Final documents will be presented to the board for review and approval at the October board meeting.

b. July 31, 2012 Financial Statements. Mrs. Archibald briefly reviewed the July financial statements noting that a new process for reporting monthly per-pupil revenue will be instituted shortly as a result of input from our newest Finance Committee member, Mrs. Patty Dell. Also planned for reporting throughout the year will be a projected year end deficit/surplus revised monthly. The Friends of DCS August 31 statement of Revenue and Expenses was also reviewed. It was noted that a thorough budget review is planned for the December board meeting.

c. Grant Status. The September 1 Grants Report, prepared by Mrs. Tillinghast, was reviewed.

d. Check Detail Report. The Chair called for questions on the July Check Detail Report. There were none.

e. **Checks over \$5,000.** A *Resolution (#87)* authorizing a payments greater than \$5,000 was moved by Mr. Aureli, seconded by Mrs. Archibald and unanimously approved.

12. Old Business

The Chair asked if there was any old business to be considered. There was none.

13. New Business

A moment of silence and many expressions of condolence for the Tillinghast family were expressed in the wake of the sudden death of Mr. John Tillinghast earlier in the day.

14. Motion to Adjourn

A motion to adjourn was made by Mr. Martino, seconded by Mrs. Archibald and unanimously approved at 8:25 pm.

October 18, 2012

A Board of Trustees Meeting was held on October 18, 2012, at 6:00 p.m. at Bishop Kearney High School; 125 Kings Highway South; Rochester, New York.

Trustees Present: Betsy Archibald; Daniel Aureli; Barthelemy Koumassou; Joseph Martino; Delmonize Smith; Grace Tillinghast; Ferris Todd; David Vigen

Also Present: Valerie Nolan, Chameleon Community Schools Project; Steven Polowitz, Attorney; Joseph Saia, Director; Anne Malitis, Business Manager

1. Call to Order

The Chair called the meeting to order at 6:00 p.m. and it was determined that a lawful quorum was present.

2. Proof of Public Notice of Meeting

Public Notice was provided in the Messenger Post.

3. Approval of Minutes of Previous Meeting

A motion to approve the minutes of the September 13, 2012 meeting was made by Mr. Aureli, seconded by Mrs. Tillinghast and unanimously approved.

A motion to approve the minutes of the October 2, 2012 meeting was made by Mrs. Tillinghast, seconded by Ms. Todd and unanimously approved.

4. New Trustees

Mr. Koumassou was welcomed as a voting trustee. The State Education Department approved Mr. Koumassou on September 24, 2012.

A *Resolution (#91)* to make Mrs. Dedee Doyle's term three years instead of two was moved by Mr. Smith, seconded by Mr. Aureli and unanimously approved.

Ms. Todd presented the New Trustee Mentor Plan. A motion to adopt it was made by Mrs. Archibald, seconded by Mrs. Tillinghast and unanimously approved.

5. Audit Report

Mrs. Archibald presented the various documents comprising the report of the school's independent auditor, Mengel Metzger Barr & Co. LLP. A **Resolution (#92)** to accept and approve the report was moved by Mr. Martino, seconded by Mr. Smith and unanimously approved.

Mrs. Archibald also drew to the board's attention a revised June 30, 2012 set of financial statements that reflected the budget format being used for monthly tracking. The data in the revised statements conforms to the audited statements and shows a Net Operating Surplus of \$89,000 compared to a budget of \$30,000.

6. School Expansion

A discussion of potential school grade expansion was led by Mr. Martino, chair of the ad hoc committee examining the matter. The committee concluded that it seems to make sense to expand into grades 7 and 8, and possibly 9 through 12. However, significant work needs to be done to make a final determination. The committee recommended that it be disbanded and that the board as a whole work on this issue, in much the same fashion that the founders worked to create the school. A clear definition of mission, financial modeling, alternatives for Discovery's students, and parent input are among the issues that need to be addressed. Mr. Smith agreed to help schedule a workshop meeting of the board members to begin this process.

Later in the meeting it was determined that the various facility options available to the board present different deadlines for this work to be done. For one option now is not too soon; for the other two options, closer to the charter renewal application date is acceptable.

7. Facility Project

Mr. Vigren led a discussion of the various facility options available to the school when its lease expires in June 2015. For each option, the school is very fortunate to have the active and financial support of Mr. John "Dutch" Summers who shares the board's passion for educating and developing at-risk children. Current options are:

- Purchase the Kearney property. A \$3M offer has been given by the school (financed by Mr. Summers) to the property's owners who are a "Debtor-in-Possession," operating under the protection of Chapter 11 Bankruptcy. The offer has an expiration date of November 16, 2012.
- Develop a site in East Irondequoit, comprised of three parcels. The site is currently under contract by The John and Jayne Summers Foundation, contingent on obtaining approval by March 1, 2013 for the development of the site for the construction of a public charter school.
- Purchase a vacant school property in the Greece Central School District. An offer to purchase the property has been given to the school district by The John and Jayne Summers Foundation with an expiration date of November 16, 2012.

The board concluded that the Kearney property is the school's preferred option. It is the largest property footprint (42 acres) and largest school building (200,000 square feet), thus giving the school the most flexibility for future operations. The board recognizes that concluding a purchase of this property will be complicated by the owner's bankruptcy and may not be possible before other options must be committed to in order to ensure occupancy July 2015.

The board's second preference is the Greece property. It contains a large, exceptionally well maintained school building (100,000 square feet) and approximately 9 acres. Additional acreage for future expansion exists with other parcels across the street. Occupying the Greece property would require a major change to the school's charter.

The board's third preference is the East Irondequoit property which appears to be large enough for K-6 operations, but likely not higher grades. It was agreed that initial development efforts take place given the exceptionally long lead time (2.5 years+) necessary

to develop a site of this nature. Funding will come from donations to Friends of Discovery Charter School. Continued development of the site will be reviewed at the school's November board meeting.

8. Director's Report

Mr. Saia led the board through his report outline which had been shared with trustees prior to the meeting.

a. Student Management Software. New student management software is installed and working. The first download occurred October 1. Laurie Corbett was instrumental in making this urgent project successful.

b. Administrative Assistant. Mr. Saia recommended that Feleshia Carr be hired on a provisional basis. She has been working as a volunteer in the school office for several weeks with solid results. A **Resolution (#93)** to approve a conditional appointment of Ms. Carr was moved by Mr. Aureli, seconded by Mr. Koumassou and unanimously approved.

9. Business Manager's Report

Ms. Malitis distributed the October 1 Enrollment Report showing 175 students enrolled in the school as of that date.

a. Priorities. Ms. Malitis outlined her current priorities. They include:

- Furnishing timely financial statements to the board.
- Creating a budget revision (December board meeting).
- Creating a revised cash flow forecast (December board meeting).
- Organizing grant files and improving grant administrative processes (November board meeting CSP Grant review).
- Organizing and creating (where necessary) daily, monthly, yearly administrative procedures.
- Working with New York Education Enterprise to coordinate human resource management matters.

10. Finance Committee Report

a. August 31 and September 30, 2012 Financial Statements. Mrs. Archibald briefly reviewed the August and September financial statements. The Friends of DCS September 30 statement of Revenue and Expenses was also reviewed. It was the consensus of the board that future private contributions to Friends of DCS be consolidated under the heading of "Private Contributions" on this report and that the report should continue to be reviewed monthly.

b. Grant Status. The October 1 Grants Report, prepared by Mrs. Tillinghast, was reviewed. It was noted that the school will be applying for a 21st Century grant of up to \$1,500 per student for summer and enrichment programs.

c. Bank Line of Credit. A **Resolution (#94)** to approve the execution of a \$150,000 Business Access Line of Credit from M&T Bank was moved by Ms. Todd, seconded by Mr. Martino and unanimously approved.

d. Check Detail Report. The Chair called for questions on the September Check Detail Report. There were none.

e. Checks over \$5,000. A **Resolution (#95)** authorizing non-routine payments greater than \$5,000 was moved by Mr. Aureli, seconded by Ms. Todd and unanimously approved.

11. Old Business

The Chair asked if there was any old business to be considered. There was none.

12. New Business

The board agreed to hold a Holiday Gathering for the staff at the Bamba Bistro on December 13.

The possibility of Patti Anderson (SED) attending the November board meeting was mentioned.

14. Motion to Adjourn

A motion to adjourn was made by Mr. Martino, seconded by Mr. Aureli and unanimously approved at 8:32 pm.

November 15, 2012

A Board of Trustees Meeting was held on November 15, 2012, at 6:00 p.m. at Bishop Kearney High School; 125 Kings Highway South: Rochester, New York.

Trustees Present: Betsy Archibald; Daniel Aureli; Donna Dedee Doyle; Barthelemy Koumassou; Joseph Martino; Delmonize Smith; Grace Tillinghast; Ferris Todd; Sara Varhus; David Vigren

Also Present: Patti Anderson, State Education Department; Valerie Nolan, Chameleon Community Schools Project; Steven Polowitz, Attorney; Joseph Saia, Director; Anne Malitis, Business Manager

1. Call to Order

The Chair called the meeting to order at 6:20 p.m. and it was determined that a lawful quorum was present.

2. Proof of Public Notice of Meeting

Public Notice was provided in the Messenger Post.

3. Approval of Minutes of Previous Meeting

A request to include a "Trustees Excused" line in future minutes documents was made and it was agreed that the October minutes should be so amended. With that change, a motion to approve the minutes of the October 18, 2012 meeting was made by Mr. Aureli, seconded by Mr. Smith and unanimously approved.

4. Goal Review

A line-by-line review of the school's progress toward meeting its current year goals was led by Mr. Vigren. Many goals are being met, several lack data, and some need additional work. It was the consensus of the board that the review was valuable, should occur quarterly, and should be conducted in the format that this initial review was conducted.

5. Facility Project

The multi-page facility document, distributed to trustees prior to the meeting, was briefly reviewed. Mr. Vigren commented that the school's offer to purchase the Kearney property is scheduled to expire on November 16. No counter offer has been received. Bishop Kearney High School has indicated that they will attempt to purchase the property with assistance from one or more benefactors. It was noted that a decision deadline to focus energy and resources to develop (or not) the East Irondequoit property is only six weeks away. Initial work to survey the property, begin the SEQR process, and sketch a preliminary K-6 building began late October.

6. Director's Report

Mr. Saia led the board through his report outline which had been shared with trustees prior to the meeting.

a. Employment. A *Resolution (#96)* to approve the continuing employment of Ms. Carr was moved by Ms. Todd, seconded by Mrs. Archibald and unanimously approved.

b. After-Hours Program. Mr. Saia discussed the need to revise the school's after-hours program. He and the staff are working closely with EnCompass to do so. Envisioned is a reduced program or 50-60 students, focused on tutoring. Transportation and parent communication about the program change are significant issues and are plans are being worked on to deal with each. It is expected that a program change will occur before the next board meeting and it was the consensus of the board that the change being envisioned is appropriate.

7. Business Manager's Report

Ms. Malitis discussed the following items:

a. Enrollment Report. She noted that 175 students were enrolled during October.

b. CSP Grant. The status report of the CSP Grant, distributed to trustees prior to the meeting, was reviewed noting that \$240,836 will likely be received during the current year.

c. Health Insurance. It was noted that more employees opted for the new High Deductible plan than anticipated, thus reducing the school's health insurance expense.

d. 403(b) Plan. A *Resolution (#97)* formally adopting a 403(b) plan was moved by Mrs. Varhus, seconded by Mrs. Tillinghast and unanimously approved.

8. Expansion Workshop Summary

It was reiterated that the board concluded in its workshop meeting earlier in the day that it aspires to be a K-12 school and will begin work to determine how to meet that aspiration in a manner that ensures success for the school and its students.

9. Finance Committee Report

a. October 31 Financial Statements. Mrs. Archibald briefly reviewed the October financial statement and noted that a good deal of budget revision work is underway, preliminary results from which indicate a higher surplus for the year. The Friends of DCS October 31 statement of Revenue and Expenses was also reviewed and the board expressed satisfaction with its revised format.

b. Grant Status. The November 1 Grants Report, prepared by Mrs. Tillinghast, was reviewed.

c. Check Detail Report. The Chair called for questions on the September Check Detail Report. There were none.

d. Checks over \$5,000. A *Resolution (#98)* authorizing non-routine payments greater than \$5,000 was moved by Mrs. Archibald, seconded by Mrs. Varhus and unanimously approved.

10. Old Business

The Chair asked if there was any old business to be considered. There was none.

11. New Business

The Chair asked if there was any new business to be considered. There was none.

12. Motion to Adjourn

A motion to adjourn was made by Mrs. Tillinghast, seconded by Mr. Martino and unanimously approved at 7:50 pm.

December 13, 2012

A Board of Trustees Meeting was held on December 13, 2012, at 6:00 p.m. at the Bamba Bistro, 282 Alexander Street: Rochester, New York.

Trustees Present: Betsy Archibald; Daniel Aureli; Donna Dedee Doyle; Barthelemy Koumassou; Joseph Martino; Delmonize Smith; Grace Tillinghast; Ferris Todd; Sara Varhus; David Vigren

Also Present: Valerie Nolan, Chameleon Community Schools Project; Steven Polowitz, Attorney; Joseph Saia, Director; Anne Malitis, Business Manager

1. Call to Order

The Chair called the meeting to order at 6:05 p.m. and it was determined that a lawful quorum was present.

2. Proof of Public Notice of Meeting

Public Notice was provided in the Messenger Post.

3. Approval of Minutes of Previous Meeting

A motion to approve the minutes of the November 15, 2012 workshop meeting was made by Mr. Martino, seconded by Mrs. Dedee Doyle and unanimously approved.

A motion to approve the minutes of the November 15, 2012 regular meeting was made by Mr. Martino, seconded by Mrs. Dedee Doyle and unanimously approved.

4. Budget Revision

Mrs. Archibald presented a revised budget for fiscal 2012-13. It was noted that careful control of factors influencing revenue and expenses are expected to result in a net operating surplus of approximately \$50,000 more than originally budgeted. A motion to approve the revised budget was made by Mrs. Archibald, seconded by Mrs. Varhus and unanimously approved.

Mrs. Archibald presented a revised cash flow forecast for fiscal 2012-13. The revised forecast shows a cumulative cash balance trough of approximately \$250,000 in December and an ending cash balance in June of approximately \$316,000. Consideration to pay off the M&T loan in January will take place at the January board meeting. A motion to approve the revised cash flow forecast was made by Mrs. Archibald, seconded by Mrs. Varhus and unanimously approved.

Mrs. Archibald presented a revised five year financial plan through the school's fifth year of operation. As anticipated, the tightest year is expected to be 2013-14 when a number of part time positions become full time and CSP Planning and Implementation grant revenue will be nonexistent. Regardless, an operating surplus of approximately \$67,000 is projected for that year with surpluses exceeding \$200,000 during the following two years. A motion to approve the revised five year financial plan was made by Mrs. Archibald, seconded by Mrs. Varhus and unanimously approved.

5. Business Manager's Report

Ms. Malitis discussed the following items:

- a. Enrollment Report.** Ms. Malitis noted that there were 172 students in the school as of December 1. Wait list notifications will not be made for the balance of the year unless a grade level dips below 40.

b. Lottery and Application. Ms. Malitis presented the proposed date, time, place and process to be used for the 2013 student lottery. She also presented the Application for Admission to be used for the 2013-14 academic year. A *Resolution (#99)* to approve each item was moved by Mr. Aureli, seconded by Mrs. Tillinghast and unanimously approved.

c. Student Recruiting Plan. Ms. Malitis presented a student recruiting plan for the 2013-14 academic year. The board suggested increased emphasis on recruiting English Language Learners, primarily with increased outreach efforts through Catholic Charities and Monroe County's Department of Social Services. Consensus around the soundness of the plan, as amended, was reached.

6. Facility Project

a. 2013 Summer Work. Mr. Vigren reviewed the Summer 2013 Projects summary that was distributed to trustees prior to the meeting. Mrs. Tillinghast noted that a shelf unit for one of the two new classrooms needed to be added to the list. After discussion, a motion to approve the solicitation of bids for the work was made by Mrs. Archibald, seconded by Mr. Aureli and unanimously approved.

b. Facility Update. Mr. Vigren led the board through a review of the Facility Comparison spreadsheet that had been distributed to the trustees prior to the meeting. Significant discussion took place regarding the school's current situation and the options available for a long term solution to its space needs, including a Letter of Intent draft for a proposed lease from Mr. Summers for the Odyssey School. At the conclusion of the discussion, each trustee then present voiced his/her preference for future action. While not comfortable with a motion committing the school to a specific course of action at this time, it was the consensus of the board that relocating the school appears to be the best long term solution for the school.

c. Charter Amendment. Two potential solutions to the school's space needs would require relocation to another school district. A motion authorizing the chair to approach the NYS Education Department for specific information pertaining to the charter amendment process for relocation to another school district was made by Mr. Aureli, seconded by Mrs. Dedee Doyle and unanimously approved.

7. Expansion Project

It was noted that Mr. Smith and Ms. Todd are in the process of creating a Concept Paper to be used as a springboard for investigative action on the subject of expansion. The board will meet to finalize the Paper at a future time.

8. Director's Report

Mr. Saia led the board through his report outline which had been shared with trustees prior to the meeting.

a. Curriculum Examples. Mr. Saia drew the board's attention to the two curriculum examples he had distributed prior to the meeting. He indicated that significant work was ongoing at all grade levels to conform our curriculum to Common Core Standards.

b. After-Hours Program. Mr. Saia reported that the after-hours program that was initiated in October has ceased. Tutoring for our most needy children will take place in December and a more robust tutoring program will commence in January. The JCC swimming program will continue and a separate contract with them is in the process of being created.

c. Salary Increase. Mr. Saia proposed a \$5,000 salary increase for Anne Malitis based upon her outstanding work performed since joining the staff early in the year. It was noted that there is sufficient room in the school's salary budget to

accommodate the increase. A motion to approve the increase was made by Mr. Aureli, seconded by Mrs. Dedee Doyle and unanimously approved.

d. VISTA Grant. Mr. Saia reported that a VISTA Grant application is being made to support medical and dental services for our students.

9. Finance Committee Report

a. November 30 Financial Statements. Mrs. Archibald briefly reviewed the November financial statements.

b. Grant Status. There was no Grant Report for the month as no activity since the previous report had taken place.

c. Check Detail Report. The Chair called for questions on the November Check Detail Report. There were none.

d. Checks over \$5,000. A *Resolution (#100)* authorizing non-routine payments greater than \$5,000 was moved by Ms. Todd, seconded by Mr. Martino and unanimously approved.

10. Old Business

The Chair asked if there was any old business to be considered. There was none.

11. New Business

The Chair drew the board's attention to the draft "Check-in Site Visit Report" recently received from the NYS Education Department. It was noted that the report is favorable but does contain some cautions regarding expansion beyond K-6. The final report will be reviewed at the January board meeting.

12. Motion to Adjourn

A motion to adjourn was made by Mrs. Dedee Doyle, seconded by Mrs. Varhus and unanimously approved at 9:25 pm.

January 17, 2013

A Board of Trustees Meeting was held on January 17, 2013, at 6:00 p.m. at the Bishop Kearney High School; 125 Kings Highway South, Rochester, NY 14617

Trustees Present: Betsy Archibald; Donna Dedee Doyle; Joseph Martino; Ferris Todd; Sara Varhus; David Vigen

Trustee Excused: Daniel Aureli; Barthelemy Koumassou; Delmonize Smith; Grace Tillinghast

Also Present: Valerie Nolan, Chameleon Community Schools Project; Joseph Saia, Director; Anne Malitis, Business Manager

1. Call to Order

The Chair called the meeting to order at 6:17 p.m. and it was determined that a lawful quorum was present.

2. Proof of Public Notice of Meeting

Public Notice was provided in the Messenger Post.

3. Approval of Minutes of Previous Meeting

A motion to approve the minutes of the December 13, 2012 regular meeting was made by Mr. Martino, seconded by Mrs. Dedee Doyle and unanimously approved.

4. Facility Project

- a. **Options Update.** A lengthy discussion took place regarding the facility situation facing the school and the various alternatives available to it. The Facility Comparison spreadsheet was again reviewed. Mr. Summers' January 8, 2013 Letter of Intent dealing with a proposed lease of the Hoover Drive property was reviewed. The content of two January 11 meetings, one with the Greece Central School District Superintendent and the other with Kearney's board leadership, was discussed. A **Resolution (#101)** was presented, indicating that the Hoover Drive property is the best long term option for the school and that all necessary actions should be taken to obtain NYS Education Department and Board of Regents approval to relocate Discovery Charter School to the Greece Central School District at the earliest possible time. The resolution was moved by Mrs. Archibald, seconded by Mrs. Varhus and unanimously approved.
- b. **Education Enterprise of NY Affiliation.** It is Mr. Summers' plan to assign his purchase contract for the Hoover Drive property to Education Enterprise of New York Foundation, Inc. In order to facilitate the property purchase transaction Education Enterprise of New York has invited the school to become an affiliate member of Education Enterprise. A **Resolution (#102)** to approve the school's affiliation with Education Enterprise of NY was moved by Mrs. Dedee Doyle, seconded by Ms. Todd and unanimously approved, with the exception of Mr. Martino who abstained.

5. Expansion Project

- a. **Concept Paper.** Mr. Vigren briefly reviewed the action items that were agreed to during the board's expansion workshop meeting earlier in the day.

6. Director's Report

Mr. Saia led the board through his report outline which had been shared with trustees prior to the meeting.

- a. **Staff Satisfaction Survey.** Mr. Saia discussed the results of the survey which, overall, were quite positive and better than the previous survey. 26 out of 27 employees responded to the survey. Turnover intention was lower than expected. Concerns were expressed regarding burn out, family/work balance, and inadequate sick day allowance. Mr. Saia will consider the negative issues raised and present his recommendations at a future board meeting.
- b. **Employment.** A **Resolution (#103)** to approve employment of K. Romilly and position changes for L. Haynes and B. Sanders was moved by Mrs. Varhus, seconded by Ms. Archibald and unanimously approved.
- c. **SED Check-in Report.** A motion to approve the SED Check-in report as provided by Ms. Anderson of NYSED was made by Mrs. Varhus, seconded by Mrs. Dedee Doyle and unanimously approved.

7. Business Manager's Report

Ms. Malitis discussed the following items:

- a. **Enrollment Report.** Ms. Malitis noted that enrollment has dropped to 169 students in the school as of January 1. Wait list notifications will not be made yet since all grade levels are still above 40 students each.
- b. **990 Return.** A motion to approve the IRS 990 tax return as prepared by Mengel, Metzger & Barr was made by Mr. Martino, seconded by Mrs. Archibald and unanimously approved. It was noted that the return is due by February 15, 2013.
- c. **Student Recruiting Plan.** Ms. Malitis stated that the applications for returning students were sent out this week. Approximately 25 new enrollment applications have already been received. Ms. Malitis contacted the Catholic Family Center who, after meeting with two DCS staff members, agreed to distribute our applications to their refugee and immigrant organizations.

8. Finance Committee Report

- a. **December 31 Financial Statements.** Mrs. Archibald briefly reviewed the December financial statements. It was noted that the revised budget numbers are now included in the report which more accurately reflects our current position.

b. M&T Loan Payoff. Mrs. Archibald discussed the school's healthy financial position and proposed an early payoff of approximately \$72,000 owed on the M&T Loan. A motion was made to pay off the M&T Loan by Mrs. Archibald, seconded by Mrs. Varhus and unanimously approved.

c. Friends of DCS Cash Handling Procedure. Mrs. Archibald explained the new cash handling procedure for Friends of Discovery Charter School, Inc. To ensure that there is adequate segregation of duties, Ms. Malitis will now be receiving all donations in check form, logging them and forwarding the checks to Mrs. Archibald for deposit. Mrs. Archibald will perform an initial reconciliation of the bank statement each month, and then forward the statement to Ms. Malitis for review. A motion to approve the new cash handling procedure was made by Mrs. Varhus, seconded by Mrs. Archibald and unanimously approved.

d. Check Detail Report. The Chair called for questions on the December Check Detail Report. There were none.

e. Checks over \$5,000. A *Resolution (#104)* authorizing non-routine payments greater than \$5,000 was moved by Mrs. Archibald, seconded by Mrs. Deede Doyle and unanimously approved, with the exception of Mr. Martino who abstained.

10. Old Business

The Chair asked if there was any old business to be considered. There was none.

11. New Business

The Chair asked if there was any new business to be considered. There was none

12. Motion to Adjourn

A motion to adjourn was made by Ms. Todd, seconded by Mr. Martino and unanimously approved at 9:48 pm.

February 28, 2013

A Board of Trustees Meeting was held on February 28, 2013, at 6:00 p.m. at the Bishop Kearney High School; 125 Kings Highway South, Rochester, NY 14617

Trustees Present: Betsy Archibald; Daniel Aureli; Donna Dedee Doyle; Barthelemy Koumassou; Joseph Martino; Grace Tillinghast; Sara Varhus; David Vigen

Trustees Excused: Ferris Todd; Delmonize Smith

Also Present: Valerie Nolan, Chameleon Community Schools Project; Joseph Saia, Director; Anne Malitis, Business Manager

1. Call to Order

The Chair called the meeting to order at 6:07 p.m. and it was determined that a lawful quorum was present.

2. Proof of Public Notice of Meeting

Public Notice was provided in the Messenger Post.

3. Approval of Minutes of Previous Meeting

A motion to approve the minutes of the January 17, 2013 workshop meeting was made by Mrs. Archibald, seconded by Mrs. Varhus and unanimously approved, with the exception of Mr. Aureli, Mrs. Tillinghast and Mr. Koumassou who abstained.

A motion to approve the minutes of the January 17, 2013 regular meeting was made by Mr. Martino, seconded by Mrs. Archibald and unanimously approved, with the exception of Mr. Aureli, Mrs. Tillinghast and Mr. Koumassou who abstained.

4. Facility Project

- a. **SED Application.** The SED application to relocate the school to the Greece Central School District was filed January 25. SED has indicated they hope to have the issue on the Board of Regents' March meeting agenda.
- b. **Public Hearing.** Mr. Aureli noted that the East Irondequoit Central School District public hearing went well with very few attendees and no comments. Mr. Vigren reminded the trustees that the Greece Central School District public hearing will take place on March 5, 2013.
- c. **Koda-Vista Meeting.** The Koda-Vista neighborhood information meeting is scheduled for March 11, 2013. Mr. Vigren indicated Discovery has already received a warm welcome from the leaders of the Community Association and he encouraged all trustees to attend.
- d. **Parent communications.** Mr. Saia presented a letter that was sent home with students during the first week of February discussing the potential move to Hoover Drive. Feedback so far has been positive.
- e. **Lease Status.** Mr. Vigren indicated that there has been an enormous amount of work done following Mr. Summers' January 8, 2013 Letter of Intent. Education Enterprise of New York Foundation will be the property owner and the lease will be between Discovery Charter School and the Foundation. A revised draft of the lease agreement may be available in March for comments.
- f. **Move Planning.** Education Enterprise has hired a project manager and a team has been formed to help implement the needs of all parties relative to the move. There is a significant amount of work to be done both by Discovery and Education Enterprise. The move team will meet on a regular basis to ensure thorough planning and execution.

5. Expansion Project. Mr. Vigren briefly reviewed the action items that were agreed to during the board's January meeting. Mr. Martino stated we will receive information from schools in Boston that have grown from K-6 to K-12. Ms. Nolan stated she will review a list of New York State Charter Schools and, based on criteria set forth by the board, she will choose approximately six schools to visit. Mr. Vigren spoke of his recent visit to the Capital City Public Charter School, a K-12 charter school in Washington D.C. He was able to speak with various faculty and staff, was pleased with their success and sees many parallels between what they have accomplished and what is envisioned for Discovery. It was the consensus of the board that focus be maintained on the likely relocation of the school and its current academic performance; at the same time continue to explore expansion issues by hiring Valerie Nolan as a consultant to help lead the project and provide the board with information that will enable them to make informed decisions.

6. Compliance Committee Report. Mrs. Varhus outlined her review of Discovery's initial charter, charter application, and SED's Charter School Performance Framework and her creation of a spreadsheet that will serve as a compliance tracking mechanism. The spreadsheet includes all standards and expectations of Discovery. The Compliance Committee will work during the months ahead to populate the spreadsheet with data and will report regularly to the Board.

7. Compensation Schedule. Mr. Martino briefly reviewed the process used to create the compensation schedules. He noted that it was the board's intent to conduct a thorough review of compensation schedules at two-year intervals, considering the schedules provide latitude for adjusting hiring rates. A motion to maintain the current compensation schedules for the upcoming year was made by Mr. Martino, seconded by Mr. Aureli and unanimously approved.

8. After-Hours Program. Mr. Martino noted that the program is running well and Mr. Saia concurred. A preliminary budget was distributed showing estimated expenses for the balance of the current year for 60 students per day, 4 days per week and for the full year next year for 80 students per day, 4 days per week. Mr. Martino indicated that EnCompass expects to be able to provide more service days next year by starting the program at the beginning of the school year and continuing through the end of the school year.

9. Director's Report. Mr. Saia led the board through his report outline which had been shared with trustees prior to the meeting. He noted that attendance is up and attributed this to a great deal of communication with parents by the school's interim parent liaison.

a. School Performance Mr. Saia reviewed the results for Year 2, Quarter 2 student assessments. He noted that even though the standards are more rigorous this quarter, the overall outcome is very positive.

10. Business Manager's Report.

a. Enrollment Report. Ms. Malitis noted that enrollment has remained constant at 169 students in the school as of February 1.

b. Student Recruiting Plan. Ms. Malitis reported that 71 applications have been received as of February 27, 2013. Mrs. Tillinghast will look into advertising in the Minority Reporter and La Voz and has sent out a press release regarding the lottery.

c. Technology Plan. Ms. Malitis indicated that creation and approval of the technology plan distributed to trustees prior to the meeting is a necessary step to receive Priority 2 E-Rate funding. A motion to approve the Technology Plan was made by Mr. Martino, seconded by Mrs. Dedee Doyle and unanimously approved.

d. Internet Safety Policy (CIPA). Ms. Malitis noted that this policy is also a requirement for Priority 2 E-Rate funding. A motion to approve the Internet Safety Policy was made by Mrs. Archibald, seconded by Mrs. Varhus and unanimously approved.

11. Finance Committee Report

a. January 31 Financial Statements. Mrs. Archibald briefly reviewed the January financial statements.

b. Friends of DCS Financial Statements. Mrs. Archibald indicated there was no activity during the month of January.

c. Grants. There have been no further grant approvals.

d. Check Detail Report. The Chair called for questions on the January Check Detail Report. Mrs. Archibald questioned the amount of credit card usage. After a brief discussion, Ms. Malitis indicated she will provide the board with a report on credit card policy and procedure at a future meeting.

e. Checks over \$5,000. A *Resolution (#105)* authorizing non-routine payments greater than \$5,000 was moved by Mr. Aureli, seconded by Mrs. Dedee Doyle and unanimously approved.

12. Old Business

The Chair asked if there was any old business to be considered. There was none.

13. New Business

The Chair asked if there was any new business to be considered. There was none.

14. Motion to Adjourn

A motion to adjourn was made by Mr. Martino, seconded by Mrs. Archibald and unanimously approved at 9:22 pm.

March 21, 2013

A Board of Trustees Meeting was held on March 21, 2013, at 6:00 p.m. at the Bishop Kearney High School; 125 Kings Highway South, Rochester, NY 14617

Trustees Present: Betsy Archibald; Donna Dedee Doyle; Joseph Martino; Sara Varhus; David Vigren; Daniel Aureli; Barthelemy Koumassou; Ferris Todd

Trustees Excused: Delmonize Smith; Grace Tillinghast

Also Present: Valerie Nolan, Independent Consultant; Anne Malitis, Business Manager; Steven Polowitz, Attorney

1. Call to Order

The Chair called the meeting to order at 6:05 p.m. and it was determined that a lawful quorum was present.

2. Proof of Public Notice of Meeting

Public Notice was provided in the Messenger Post.

3. Approval of Minutes of Previous Meeting

After correction of a minor error, a motion to approve the minutes of the February 28, 2013 meeting was made by Mr. Aureli, seconded by Mr. Martino and unanimously approved.

4. Facility Project

Mr. Vigren formally announced that the New York State Board of Regents approved the school's relocation to Greece during their March meeting. He explained that there are still some important matters to resolve before the move can take place: 1) the State Education Department will need to approve the building for our occupancy; 2) the property purchase will need to be closed – contract date is by June 1, 2013; 3) a lease must be signed.

Mr. Vigren discussed the school's contemplated enhanced relationship with Education Enterprise (E2). It is expected that the E2 Foundation will own the property. The school will be a master tenant, contracting with E2 for property management. It is further contemplated that E2 will be an education partner with the school, offering significant advantages to the school for its long term future. Documents outlining the various aspects of the E2 relationship should be available in draft during April.

Ms. Malitis talked briefly about the task list created by the move team. Rooms have already been assigned and progress is being made in several areas.

5. 2013-14 Budget

Mrs. Archibald presented the 2013-14 budget. She noted that revenue is based on an average of 210 students. She highlighted the more significant line items leading to the overall net operating income of \$16,500. After discussion, a motion to approve the 2013-14 budget as presented was made by Mr. Aureli, seconded by Ms. Varhus and unanimously approved.

6. Expansion Project

- a. School Visits.** Prior to the meeting, Ms. Nolan provided the trustees with a list of charter schools in New York State that are K-12. After extensive discussion, four schools were chosen to be visited: Charter School for Applied Technologies, Tapestry Charter School, Achievement First Crown Heights Charter School and The Renaissance Charter School.

Arrangements will be made to visit these schools sometime in the near future. Mr. Martino suggested that we look at schools that have a higher poverty rate, similar to Discovery Charter School. Out of state schools may be an avenue to pursue.

- b. Program Options.** Ms. Nolan provided the trustees with a K-12 School Program Overview. After a brief discussion, it was decided to postpone further comments until school visits are completed.
- c. Consultant Contract.** Mr. Vigren asked Ms. Nolan to leave the room while her proposal for services associated with expansion investigation was discussed. It was the consensus of the Board that Ms. Nolan continue to work with the school to investigate expansion, given her expertise and familiarity with the school. She was asked to revise her proposal with a December 31, 2013 terminal date and provide the revised proposal to the Board at its April meeting for consideration.

7. Planning Meeting

A general discussion concerning goal setting for the coming year took place. June 10th, 2013 was suggested as the meeting date. Mr. Vigren will poll the Board for calendar clearance. The meeting will take place at Mrs. Archibald's home.

8. Director's Report

Mr. Saia was unable to attend the meeting. Mr. Vigren briefly led the board through the Director's report outline which had been shared with trustees prior to the meeting.

- a. Director Report Card.** Overall, Mr. Saia received very positive feedback. He is viewed as a great leader, supporter and is able to communicate effectively with staff.
- b. Grade 3 ELS and Math Test Samples.** This is the first year Discovery students will be involved in State testing. The trustees reviewed the sample test and agreed that it will be challenging for our students.
- c. Student and Staff Demographics.** Demographic summaries were reviewed.
- d. Staff Appointment.** A *Resolution (#103)* to approve employment of K. Reif was moved by Mr. Martino, seconded by Mr. Aureli and unanimously approved.

9. Business Manager's Report

- a. Enrollment Report.** Ms. Malitis noted that enrollment decreased by one student and is currently at 168 students as of March 1.
- b. Student Recruiting Plan.** Ms. Malitis informed the board that 135 applications have been received as of March 21, 2013. She also stated that recruiting work will continue after the lottery.

10. Finance Committee Report

- a. February 28 Financial Statements.** Mrs. Archibald briefly reviewed the February financial statements.
- b. Friends of DCS Financial Statements.** Mrs. Archibald briefly reviewed activity during the month of February.
- c. Grants.** There has been no progress with regard to grants.

d. Check Detail Report. The Chair called for questions on the February Check Detail Report. There were none.

11. Old Business

The Chair asked if there was any old business to be considered. There was none.

12. New Business

The Chair asked if there was any new business to be considered. There was none

13. Motion to Adjourn

A motion to adjourn was made by Ms. Varhus, seconded by Mr. Aureli and unanimously approved at 9:16 pm.

April 18, 2013

A Board of Trustees Meeting was held on April 18, 2013, at 6:00 p.m. at the Bishop Kearney High School; 125 Kings Highway South, Rochester, NY 14617

Trustees Present: Daniel Aureli; Donna Dedee Doyle; Joseph Martino; Grace Tillinghast; Sara Varhus; David Vigen

Trustees Excused: Betsy Archibald; Barthelemy Koumassou; Delmonize Smith; Ferris Todd

Also Present: Joseph Saia, School Director; Anne Malitis, Business Manager; Steven Polowitz, Attorney; Valerie Nolan, Independent Consultant

1. Call to Order

The Chair called the meeting to order at 6:07 p.m. and it was determined that a lawful quorum was present.

2. Proof of Public Notice of Meeting

Public Notice was provided in the Messenger Post.

3. Approval of Minutes of Previous Meeting

A motion to approve the minutes of the March 21, 2013 meeting was made by Mrs. Tillinghast, seconded by Mrs. Dedee Doyle and unanimously approved.

4. Director's Report

a. Report Summary. Mr Saia led the board through his report which had been shared with trustees prior to the meeting. He highlighted that the Board that New York State testing had started this week. This is the first year our students are participating and thus there is understandable angst surrounding results. He also indicated that preparations are underway for hiring new staff to fill the positions needed for Year 3.

b. School Calendar. Mr. Saia reviewed the proposed 2013-14 school calendar that had been distributed to trustees prior to the meeting. He noted that it will be very similar to the Rochester City School District calendar with a few exceptions and will consist of the required 200 days. Students' first day will be August 19th. A motion to approve the calendar as presented was moved by Mr. Aureli, seconded by Mrs. Dedee Doyle and unanimously approved.

5. Business Manager's Report

a. Enrollment Report. Ms. Malitis noted that enrollment remained constant at 168 students as of April 1.

b. Lottery Report. Ms. Malitis reviewed the results of the school's third lottery where 225 names were randomly drawn (in accordance with the board-approved process) for 48 open seats during the upcoming year. Certain observations were made about the process which will be considered for implementation with future lotteries.

A discussion was held regarding student recruiting for Year 4. It was the general consensus of the board that a more robust effort should take place, particularly for higher grades. Mr. Saia indicated that the Family Liaison person will deal with this issue. Mr. Martino indicated his desire to assist.

c. Credit Card Report. Ms. Malitis reviewed the proposed "Request For Use of Credit Card" which was provided to the trustees prior to the meeting. The form will streamline the credit card procedures as provided for in the school's "Internal Controls for Cash", approved by the Board on August 9, 2012 and provide additional accountability for credit card purchases.

d. Rel Comm Contract. Ms. Malitis reviewed the proposed Rel Comm contract. She noted that this contract is contingent upon both board approval and e-rate funding approval. After some discussion, it was suggested that the resolution be contingent upon the school relocating to Hoover Drive. A **Resolution (#107)** approving the Rel Comm contract with a contingency relating to the relocation of the school to Hoover Drive was moved by Ms. Varhus, seconded by Mrs. Dedee Doyle and unanimously approved.

e. Smart Solutions Contract. Ms. Malitis reviewed the proposed Smart Solutions contract. She noted that this contract is also contingent upon both board approval and e-rate funding approval. It was suggested that the resolution be contingent upon the school relocating to Hoover Drive. A **Resolution (#108)** approving the Smart Solutions contract with a contingency relating to the relocation of the school to Hoover Drive was moved by Mr. Martino, seconded by Mrs. Dedee Doyle and unanimously approved.

f. Move expenses. Ms. Malitis distributed a listing of anticipated expenses relating to the potential move to Hoover Drive. A number of expenses are still in the quoting stage with most numbers expected to be available in approximately a week.

6. Planning Meeting.

Further discussion regarding goal setting for the year took place. Ms. Varhus volunteered to poll the Board members via Doodle to confirm the best meeting date.

7. Facility

d. Status Report. The purchase contract remains in its due diligence phase with an anticipated close by June 1. The Greece Central School District attorney has indicated that a best and final offer from the District should be available shortly. It was noted that the Town of Greece is requiring only minor issues to be resolved, and that the New York State Education Department facilities unit has indicated that it will quite likely issue a Use Permit after the Town of Greece issues a Certificate of Occupancy.

e. Institutional Partner Letter of Intent. A draft Letter of Intent from Education Enterprise of NY (E2NY), a copy of which was provided to trustees prior to the meeting, indicating the nature of its support to the school as an Institutional Partner was discussed. With Discovery as an Affiliate Member of E2NY and E2NY as an Institutional Partner of Discovery, E2NY is able to make available to Discovery access to quality educational facilities, foundation grants, extended and expanded learning programming and access to management services. The relationship is expected to greatly enhance Discovery's long term sustainability along with its ability to develop a high quality school and provide additional opportunities that may otherwise not be available to its students. A final copy of the Letter of Intent, along

with supporting documentation required by the New York State Education Department, is expected to be available for the Board's consideration at its May meeting.

- f. Recoverable Grant Agreement.** A draft Recoverable Grant Agreement with Education Enterprise of New York Foundation, a copy of which was provided to trustees prior to the meeting, was reviewed. A discussion took place regarding the benefits of having this agreement in place. The grant will help Discovery manage any financial deficits and surplus over time. The importance of sound fiscal management was stressed and the Board is satisfied that the necessary policies and procedures are in place to ensure prudent financial management. A final agreement is expected to be available for the Board's consideration at its May meeting.
- g. Bylaw Revision.** A draft of proposed Discovery Charter School Bylaw revisions to accommodate the anticipated addition of E2NY as an Institutional Partner, a copy of which was provided to trustees prior to the meeting, was reviewed and read. A comparison of the proposed Bylaw revisions with the existing will be sent to all Board members in preparation for a vote on said revisions at the next Regular Meeting of the Board in May.
- h. Lease.** A draft Lease between the school and 133 Hoover Drive, LLC (of which the Education Enterprise of New York Foundation is the sole member), the expected owner of the Hoover Drive school property, which was provided to the trustees prior to the meeting, was reviewed. The proposed initial term of the lease, three years to cover the remainder of the school's current charter period, with up to eight (8) 5-year renewal options up to five (5) years each with each lease period to be consistent with the school's charter, was discussed, including discussion about rent and property management expense provisions. The final document is expected to be available for the Board's consideration at its May.

8. E2NY Affiliate Member Director Nomination.

The Chair called for nominations of a director to fulfill one of the school's obligations as an Affiliate Member of Education Enterprise of New York (E2NY). Mr. Martino nominated Mr. Vigren. The Chair called for other nominations. There were none. A **Resolution (#109)** to approve Mr. Vigren as the E2NY affiliate member director was moved by Ms. Varhus, seconded by Mrs. Dedee Doyle and unanimously approved.

9. Expansion Project

- a. Consultant Contract.** A **Resolution (#110)** approving a contract with Ms. Nolan for consulting services was moved by Mr. Aureli, seconded by Mrs. Dedee Doyle and unanimously approved.
- b. School Visits.** Prior to the meeting, Ms. Nolan provided the trustees with a list of potential school visits including Expeditionary Learning middle and high schools and several additional charter schools in Chicago and Boston. She also provided a list of possible visit questions. After some discussion, it was the consensus of the board that visits to the two Buffalo schools selected in March for visits should be scheduled. Ms. Nolan agreed to schedule them. Visits to schools in New York City and elsewhere, winnowed from the list surfaced by Ms. Nolan, will be deferred until the fall when Mr. Saia can actively participate. Ms. Nolan also agreed to assemble background information on various types of schools and other issues of significance.

10. Finance Committee Report:

- a. March 31 Financial Statements.** Mrs. Malitis reviewed the March financial statements. She noted that the school received a credit for unemployment insurance due to a reduction in the rate.
- b. Friends of DCS Financial Statements.** Mr. Vigren asked if there were any questions on the Friends of DCS Financial Statements. There were none.

- c. Grants.** Mrs. Tillinghast's grants summary was reviewed. Mr. Saia announced that he has applied for the Rochester Youth Year VISTA grant which would provide money for an individual to lead family literacy.
- d. Check Detail Report.** The Chair called for questions on the March Check Detail Report. There were none.
- e. Checks Over \$5,000.** A *Resolution (#111)* authorizing non-routine payments greater than \$5,000 was move by Mrs. Dedee Doyle, seconded by Ms. Varhus and unanimously approved.

11. Old Business

The Chair asked if there was any old business to be considered. There was none.

12. New Business

The Chair asked if there was any new business to be considered. There was none

13. Motion to Adjourn

A motion to adjourn was made by Mrs. Dedee Doyle, seconded by Ms. Varhus and unanimously approved at 9:34 pm.

May 16, 2012

A Board of Trustees Meeting was held on May 16, 2013, at 6:00 p.m. at the Bishop Kearney High School; 125 Kings Highway South, Rochester, NY 14617

Trustees Present: Daniel Aureli; Betsy Archibald; Barthelemy Koumassou; Joseph Martino; Delmonize Smith; Grace Tillinghast; Ferris Todd; Sara Varhus; David Vigren

Trustees Excused: Donna Dedee Doyle

Also Present: Joseph Saia, School Director; Anne Malitis, Business Manager; Steven Polowitz, Attorney; Valerie Nolan, Independent Consultant

1. Call to Order

The Chair called the meeting to order at 6:10 p.m. and it was determined that a lawful quorum was present.

2. Proof of Public Notice of Meeting

Public Notice was provided in the Messenger Post.

3. Approval of Minutes of Previous Meeting

A motion to approve the minutes of the April 18, 2013 meeting was made by Mr. Aureli, seconded by Mrs. Tillinghast and unanimously approved.

4. Facility

a. Status Report. Mr. Martino indicated that a closing date for the Hoover Drive property is set for June 4. Mr. Vigren referred to the Facility Project Status report, sent to trustees prior to the meeting, and asked if there were any questions. There were none.

b. Financial Forecasts. Mr. Vigren reviewed the 10 year financial forecast information sent to the board prior to the meeting. He stressed the nature of such forecasts, namely that the numbers are only as good as the assumptions that underlay them and that, by their nature, they are subject to change, sometimes significantly. At a high level, the conclusion drawn from the forecasts is that flat per pupil rates and constant inflation pressure on expenses over time will create significant pressure on economic viability. The board discussed the need to make legislators aware of the need to increase per pupil rates as they increase aid to traditional school districts. Also discussed were school expansion and other possible revenue-generating activities.

c. Institutional Partner Letter of Intent. Mr. Vigren reviewed the Institutional Partner Letter of Intent provided by Education Enterprise of New York, Inc. It outlines support as available for access to quality educational facilities, foundation grants, extended and expanded learning programming, and access to management services. A **Resolution (#112)**, authorizing the Board Chair to sign the letter indicating acceptance, subject to NYS Education Department approval, was moved by Ms. Varhus, seconded by Mrs. Archibald and unanimously approved with Mr. Martino abstaining.

d. Property Management Agreement. Mr. Vigren indicated that it is the intent of the school's expected new landlord that terms and conditions relative to managing the property will be included in the school's lease. **Resolution #113** was not acted upon.

e. Recoverable Grant Agreement. Mr. Martino reported that an auditing opinion was recently obtained indicating a recoverable grant agreement would not be appropriate between Education Enterprise of New York Foundation and the school. Instead, a loan arrangement evidenced by a Promissory Note between the School and Education enterprise of New York foundation containing loan forgiveness provisions is being proposed. Mr. Polowitz and Mr. Martino led the board through a proposed draft of a suggested Promissory Note. While the concept expressed in the document was embraced by the board, concerns surrounding the reaction of the school's bank (M&T) and possible forgiveness of the loan were expressed. A **Resolution (#114)**, approving the concept of the loan arrangement and giving the Board Chair authority to sign a note incorporating Counsel-approved changes relative to the concerns raised was moved by Ms. Varhus, seconded by Mrs. Archibald and unanimously approved with Mr. Martino abstaining.

f. Lease. Mr. Polowitz led the board through the changes in the lease document since last reviewed by the board in April. The document presented is in substantially final form. A **Resolution (#115)** approving the document and authorizing the Board Chair to sign it with any counsel-approved changes was moved by Mrs. Archibald, seconded by Mr. Smith and unanimously approved with Mr. Martino abstaining.

5. Bylaw Changes – Sections 2.2 & 3.4

Mr. Vigren presented the Bylaw changes which were reviewed at the April 18, 2013 board meeting and noticed in writing through the US Mail on May 6, 2013 to each trustee. A **Resolution (#116)** to approve the Bylaw changes, subject to NYS Education Department approval, was moved by Mrs. Tillinghast, seconded by Ms. Todd and unanimously approved with Mr. Martino abstaining.

6. Director's Report

a. Report Summary. Mr. Saia reviewed several items in his report. He emphasized material concerning effective teaching in an environment where children living in poverty are predominant and also indicated that the school will be referenced as contributors to the upcoming "95% Group" CCLS writing resource material publication. He also noted the school's first attempt at creating a yearbook and that was met with praise from the board. He mentioned that NYS Child Nutrition appeared for an observation and the school is compliant which will mean an additional \$0.06 reimbursement for lunches. Also included in his remarks was the Parent Survey. With the surveys returned from approximately 70% of our parents, almost 90% of them expressed a desire to change the dress code. A motion to permit the Director to make a dress code

change based on his best judgment considering Parent Survey results was made by Mrs. Archibald, seconded by Ms. Todd and unanimously approved.

b. Academic Performance 3Q. Third Quarter academic performance showed continued trends above the school's first year of operation. Some potential trouble spots were highlighted. Mr. Saia emphasized that all teachers have set goals for students for achievement by the end of the year. He outlined a particular circumstance with a section of second graders where the data pointed to a problem and where, as a result of using data, the problem was diagnosed and corrective action was implemented. Mr Saia expressed concern that State third grade test results may not be favorable for a variety of reasons. Results will not be known for at least another month.

c. Summer Program. The Horizons summer program will be conducted at Nazareth College again this summer. We expect 45 children to attend.

7. Business Manager's Report

a. Enrollment Report. Ms. Malitis noted that enrollment remained constant at 168 students as of May 1.

b. Fall Enrollment. Enrollment has been completed for the academic year beginning August 19. The school is at its target count of 220.

c. Audit Proposal. Mrs. Malitis presented an audit proposal from Mengel Metzger Barr for work to be done in conjunction with the June 30, 2013 fiscal year close. A motion to approve the proposal was made by Mr. Martino, seconded by Mrs. Archibald and unanimously approved.

d. Move Plan & Expenses. Ms. Malitis distributed a listing of anticipated expenses relating to the potential move to Hoover Drive. A detailed plan for the move is being created.

8. Planning Meeting

The Board Planning Meeting was scheduled for June 11 from 1:00 to 5:00 at Nazareth College.

9. Expansion Project

i. School Visits. Visits to two buffalo charter schools will take place June 3.

j. Background Material. Ms. Nolan led the Board in a discussion of STEM. She noted that it is extremely helpful to start students down the STEM path early to help ensure success. She also noted that Expeditionary Learning prepares students well for STEM. An alliance with RIT would be very helpful should the school decide to offer a STEM program as it contemplates expansion to upper grades. Mr. Smith embraced the prospect. Project Lead the Way was also discussed and it was noted that Mr. Vigren will be visiting a PLTW middle and high school this month.

10. Finance Committee Report:

f. Discovery Financial Statements. Mrs. Malitis reviewed the April financial statements, highlighting the projected year end cash balance of \$389,000.

b. Friends of DCS Financial Statement. Mr. Vigren asked if there were any questions regarding the "Friends" financial statement. There were none.

c. Grants. Mr. Saia indicated that a VISTA grant has been awarded to the school. It provides funds for a person to focus on family literacy.

d. Check Detail Report. The Chair called for questions on the April Check Detail Report. There were none.

e. Checks Over \$5,000. A *Resolution (#117)* authorizing non-routine payments greater than \$5,000 was moved by Ms. Todd, seconded by Ms. Varhus and unanimously approved.

11. Old Business

The Chair asked if there was any old business to be considered. There was none.

12. New Business

The Chair asked if there was any new business to be considered. There was none

13. Motion to Adjourn

A motion to adjourn was made by Mrs. Archibald, seconded by Mr. Martino and unanimously approved at 9:48 pm.

June 20, 2013

A Board of Trustees Meeting was held on June 20, 2013, at 6:00 p.m. at the Bishop Kearney High School; 125 Kings Highway South, Rochester, NY 14617

Trustees Present: Daniel Aureli; Betsy Archibald; Barthelemy Koumassou; Grace Tillinghast; Ferris Todd; David Vigren

Trustees Excused: Donna Dedee Doyle; Joseph Martino; Delmonize Smith; Sara Varhus

Also Present: Joseph Saia, School Director; Anne Malitis, Business Manager; Steven Polowitz, Attorney; Valerie Nolan, Independent Consultant

1. Call to Order

The Chair called the meeting to order at 6:10 p.m. and it was determined that a lawful quorum was present.

2. Proof of Public Notice of Meeting

Public Notice was provided in the Messenger Post.

3. Approval of Minutes of Previous Meeting

A motion to approve the minutes of the May 16, 2013 meeting was made by Mrs. Tillinghast, seconded by Ms. Todd and unanimously approved.

4. Facility

a. Move Schedule. Key relocation dates were reviewed with the board. It was noted that board work days will be 7/22 – 2/24. A Family Open House is scheduled for the evening of 8/15 with first day of school scheduled for 8/19.

b. Move Costs. A schedule of costs associated with the move was reviewed with the board. The current estimate is \$112,000, a significant portion of which will be capitalized.

c. Documents. Mr. Vigren indicated that the lease is almost ready to be signed. The Institutional Partnership is under review by NYS Education Department.

5. Goals

a. Review 2012 – 13. Mr. Vigren led a brief review of performance relative to current year goals. A thorough review had been conducted at the board’s goal setting workshop on June 11.

b. Approve 2013 – 14. The board discussed a summary of the work done at the goal setting workshop on June 11. Minor changes were noted and a **Resolution (#118)** to approve goals for the upcoming fiscal and academic year was moved by Mr. Aureli, seconded by Mrs. Archibald and unanimously approved.

6. Performance Bonus

Mr. Saia led a discussion surrounding the payment of a performance bonus to full and part time employees who expect to continue their employment with the school. Given the performance of the school against its goals, he strongly advocated payment in July (to help staff bridge pay to the beginning of the school year) at the rate we budgeted for Year 3. After thorough discussion, a **Resolution (#119)** to accept Mr. Saia’s recommendation was moved by Ms. Todd, seconded by Mrs. Archibald and unanimously approved.

7. Director’s Report

a. Report Summary. Mr. Saia reviewed several items in his report. He noted that 64% of incoming kindergartners participated in screening and orientation. He also reported that 65% of the school’s students came to the final exhibition. Over 400 people attended.

b. Hiring Recommendations. Mr. Saia reviewed his hiring recommendations. A **Resolution (#120)** accepting his recommendations was moved by Mr. Aureli, seconded by Mrs. Tillinghast and unanimously approved.

c. Staff Salary Increase Summary. Mr. Saia reviewed a summary of his salary increases for staff members, noting that, in total, salary expense will be within the budget established for the coming year.

d. Logo. Mr. Saia led a discussion surrounding a new logo for the school and a mascot chosen by the students. Concerns were noted including whether or not the logo is used by other “Discovery” schools, that the mascot is already used by a local private school, and that the mascot may also be the name of a local gang. A motion to not use the mascot was made by Mr. Aureli, seconded by Ms. Todd and unanimously approved. It was decided to table the matter of the logo until further research can take place.

e. Teacher on Special Assignment. Mr. Saia proposed inviting a highly skilled special education teacher to join the staff for the coming year. He pointed out that the school has a very small window to improve the academic performance of students who did not enter kindergarten with Discovery. He also outlined a plan for coming within \$15,000 of covering the expected compensation cost. The consensus of the board was to proceed to talk with the prospect and work actively to come up with savings elsewhere to cover the cost.

8. Business Manager’s Report

a. Enrollment Report. Ms. Malitis noted that enrollment remained constant at 168 students as of June 1.

8. Expansion Project

k. School Visits. Those who visited the two Buffalo charter schools with upper grade levels spoke about their experience. The value of expanding “sideways” in order to support high school grades was emphasized.

10. Finance Committee Report:

g. Discovery Financial Statements. Mrs. Malitis reviewed the April financial statements.

b. Friends of DCS Financial Statement. Mr. Vigren asked if there were any questions regarding the “Friends” financial statement. There were none.

c. Grants. A Grants Report was reviewed indicating several grants in various stages of processing. Ms. Nolan indicated she will help the school prepare a facilities grant proposal.

d. Check Detail Report. The Chair called for questions on the May Check Detail Report. There were none.

11. Old Business

The Chair asked if there was any old business to be considered. There was none.

12. New Business

Mr. Vigren led a brief discussion regarding the potential candidacy of a new trustee for the school. It was agreed to invite the individual and his spouse to the 8/15 Open House and board meeting which is scheduled to follow.

13. Motion to Move into Executive Session

A motion to move into executive session for the purpose of discussing personnel matters was made by Mr. Aureli, seconded by Mr. Barthelemy and unanimously approved.

14. Motion to Move out of Executive Session

A motion to move out of executive session was made by Mr. Aureli, seconded by Mr. Barthelemy and unanimously approved.

15. Director Compensation

Based on the Director’s performance for the year being completed, competitive salaries for other similar positions in the area, and his position within the Director salary structure that the school has established, a motion to set the Director’s salary at \$115,000 beginning July 1, 2013 was made by Mrs. Archibald, seconded by Mr. Aureli and unanimously approved.

16. Motion to Adjourn

A motion to adjourn was made by Mrs. Archibald, seconded by Ms. Todd and unanimously approved at 8:50 pm.

Appendix H: Enrollment and Retention Targets

Efforts Utilized to Meet Enrollment and Retention Targets for Students Who are Eligible for Free and Reduced Priced Lunch:

95% enrollment of qualifying students far exceeds target of 43%. DCS continues to market itself to this population and strives to provide an outstanding education for students of this demographic. 92% retention exceeds target of 78%.

Efforts Utilized to Meet Enrollment and Retention Targets for Students with Disabilities:

9% enrollment of students with individualized education plans (ieps) far exceeds target of 3%. DCS continues to market itself to this population and strives to provide an outstanding education for students with exceptional needs. DCS will be adding an integrated co-taught fourth grade class for the 2013/2014 school year to provide for the needs of the large number of students with iep at that level-ensuring that they do not need to leave DCS to get the level of special education services they require. 87% retention exceeds target of 47%.

Efforts Utilized to Meet Enrollment and Retention Targets for English Language Learners:

2% enrollment of English Language Learners (ELL) does not meet target of 6%. DCS continues to market itself to this population (e.g. presenting DCS as an option at refugee resettlement meetings and assisting with application completion) and strives to provide an outstanding education for native speakers of other languages. 66% retention of ELL students exceeds target of 60%.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Wednesday, July 10, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/15e009e15620248059774c07c2>

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:

Betsy Archibald

2. Charter School Name:

Discovery Charter School

3. Charter Authorizer:

Board of Regents

4. *Your Home Address:

Variable	Response
4. *Your Home Address: Street Address	[REDACTED]
4. *Your Home Address: City/State	[REDACTED]
4. *Your Home Address: Zip	[REDACTED]

5. *Your Business Address

Variable	Response
5. *Your Business Address Street Address	N/A
5. *Your Business Address City/State	(No response)
5. *Your Business Address Zip	(No response)

6. *Daytime Phone Number:

[REDACTED]

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

-
- Treasurer
-

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

Page 2

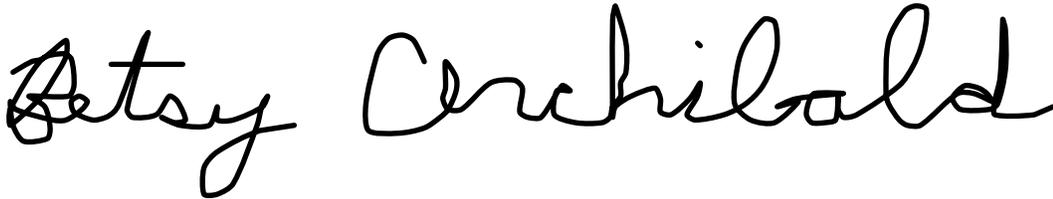
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

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 that reads "Betsy Corchibald". The signature is written in a cursive style with a large, prominent 'B' and 'C'.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Tuesday, July 30, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/c553b9993a8aafadb1158d593a>

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:

Daniel Aureli

2. Charter School Name:

Discovery Charter School

3. Charter Authorizer:

Board of Regents

4. *Your Home Address:

Variable	Response
4. *Your Home Address: Street Address	[REDACTED]
4. *Your Home Address: City/State	[REDACTED]
4. *Your Home Address: Zip	[REDACTED]

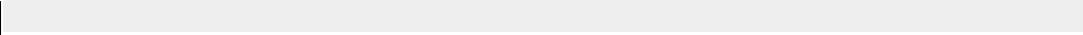
5. *Your Business Address

Variable	Response
5. *Your Business Address Street Address	[REDACTED]
5. *Your Business Address City/State	[REDACTED]
5. *Your Business Address Zip	[REDACTED]

6. *Daytime Phone Number:

[REDACTED]

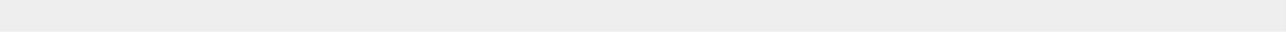
7. *E-mail Address:

 
8. Select all positions you held on Board:

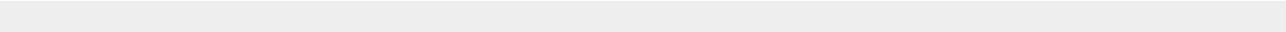
(check all that apply)

-
- Vice Chair/Vice 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 

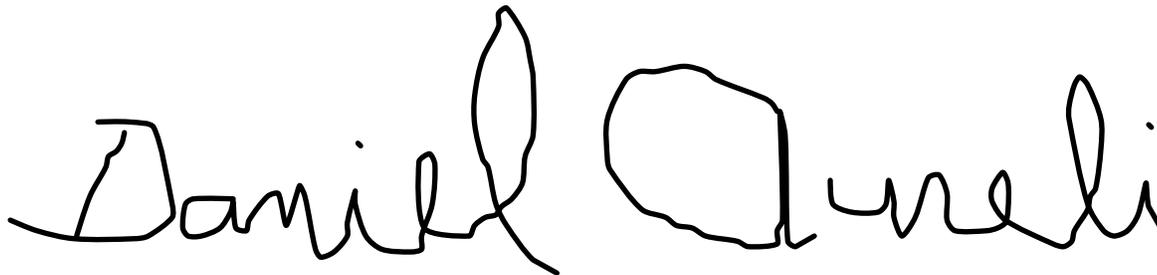
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

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 that reads "Daniel Auneli". The signature is written in a cursive style with a large, prominent 'D' and 'A'.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Thursday, July 04, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/2f551c930c1b43591d1a0e71ac>

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:

Donna M. Dedee Doyle

2. Charter School Name:

Discovery Charter School

3. Charter Authorizer:

Board of Regents

4. *Your Home Address:

Variable	Response
4. *Your Home Address: Street Address	[REDACTED]
4. *Your Home Address: City/State	[REDACTED]
4. *Your Home Address: Zip	[REDACTED]

5. *Your Business Address

Variable	Response
5. *Your Business Address Street Address	[REDACTED]
5. *Your Business Address City/State	[REDACTED]
5. *Your Business Address Zip	[REDACTED]

6. *Daytime Phone Number:

[REDACTED]

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

-
- Other, please specify...: member, director
-

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

Donna M. Delee Doyle

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Sunday, July 07, 2013

Updated Thursday, August 29, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/1c14915dcb0c47c66c7d1b2668>

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:

Barthelemy Koumassou

2. Charter School Name:

Discovery Charter School

3. Charter Authorizer:

Board of Regents

4. *Your Home Address:

Variable	Response
4. *Your Home Address: Street Address	[REDACTED]
4. *Your Home Address: City/State	[REDACTED]
4. *Your Home Address: Zip	[REDACTED]

5. *Your Business Address

Variable	Response
5. *Your Business Address Street Address	[REDACTED]
5. *Your Business Address City/State	[REDACTED]
5. *Your Business Address Zip	[REDACTED]

6. *Daytime Phone Number:

[REDACTED]

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

-
- Parent Representative
-

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

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

Page 2

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

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Tuesday, July 30, 2013

Updated Thursday, August 01, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/44f080a03eb16cbbec88587f98e>

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:

Joseph M. Martino

2. Charter School Name:

Discovery Charter School

3. Charter Authorizer:

Board of Regents

4. *Your Home Address:

Variable	Response
4. *Your Home Address: Street Address	[REDACTED]
4. *Your Home Address: City/State	[REDACTED]
4. *Your Home Address: Zip	[REDACTED]

5. *Your Business Address

Variable	Response
5. *Your Business Address Street Address	[REDACTED]
5. *Your Business Address City/State	[REDACTED]
5. *Your Business Address Zip	[REDACTED]

6. *Daytime Phone Number:

[REDACTED]

7. *E-mail Address:

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?

Yes

10a. If YES, please provide a description of the position you hold and your responsibilities, your salary and your start date in the next

Variable	Response
[cmoeY.0] 10a. If YES, please provide a description of the position you hold and your responsibilities, your salary and your start date in the next Position Held	CEO of Education Enterprise of NY (E2NY) - proposed Institutional Partner of Discovery Charter School
[cmoeY.1] 10a. If YES, please provide a description of the position you hold and your responsibilities, your salary and your start date in the next Responsibilities	Provide leadership and executive management to E2NY supported organizations, support affiliate organizations
[cmoeY.2] 10a. If YES, please provide a description of the position you hold and your responsibilities, your salary and your start date in the next Salary	144,687
[cmoeY.3] 10a. If YES, please provide a description of the position you hold and your responsibilities, your salary and your start date in the next Start Date	12/2008

Page 2

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?

Yes

13a. Identify each interest/transaction (and provide the requested information) that you or any of your immediate family members or any persons who live with you in your house held or engaged in with the charter school during the time you have served on the board, and in the six-month period prior to such service. If there has been no such financial interest or transaction, write None. Please note that if you answered Yes to Question 2-4 above, you need not disclose again your employment status, salary, etc.

	Date(s) of Transactions	Nature of Financial Interest/Transaction	Steps Taken to Avoid Conflict of Interest (e.g., did not vote, did not participate in discussion)	Name of Person Holding Interest and Relationship to You
1	10/12-1/13	EnCompass, an E2NY supported organization was contracted to help support an enrichment program. EnCompass also provides an afterschool academic intervention program at no cost to the school.	Did not vote or participate in discussion around subcontracting with EnCompass	Joseph M. Martino
2	2/13-present	Lead representative of organization owning charter school's new leased space	Did not vote and recused myself from discussions related to lease and related items	Joseph M. Martino
3	10/12-6/13	E2NY provided HR Consultation	Did not vote	Joseph M. Martino
4	(No response)	(No response)	(No response)	(No response)
5	(No response)	(No response)	(No response)	(No response)

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?

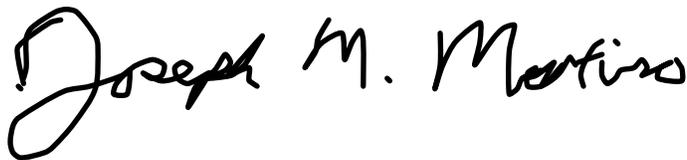
Yes

14a. Identify each individual, business, corporation, union association, firm, partnership, committee proprietorship, franchise holding company, joint stock company, business or real estate trust, non-profit organization, or other organization or group of people doing business with the school and in which such entity, during the time of your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or other relationship. If you are a member, director, officer or employee of an organization formally partnered with the school that is doing business with the

school through a management or services agreement, please identify only the name of the organization, your position in the organization as well as the relationship between such organization and the school. If there was no financial interest, write None.

	Organization Conducting Business with the School	Nature of Business Conducted	Approximate Value of the Business Conducted	Name of Trustee and/or Immediate Family Member with Interest	Steps Taken to Avoid Conflict of Interest
1	EnCompass Resources for Learning	Provided enrichment program, afterschool program	25000	Joseph M. Martino, Executive Director	Did not vote, recused self from board discussion regarding enrichment program contracting
2	Education Enterprise of New York	Human Resources consulting	4000	Joseph M. Martino, CEO	Did not vote
3	133 Hoover Drive LLC	Entered into Lease with Discovery Charter School for space	NA for period, future TBD	Joseph M. Martino, Secretary of not-for-profit LLC Board	Did not vote and recused self from discussions
4	Education Enterprise of New York Foundation	Offered long term no interest loan to support Discovery Charter School	up to \$125,000 per year for three years	Joseph M. Martino, Secretary of not-for-profit	Did not vote and recused self from discussions
5	(No response)	(No response)	(No response)	(No response)	(No response)

Signature of Trustee



Required Form: Appendix E - Disclosure of Financial Interest Form

Created Friday, July 12, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/6d199f42a26fdf93d98ce7ef410>

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:

Delmonize A. Smith

2. Charter School Name:

Discovery Charter School

3. Charter Authorizer:

Board of Regents

4. *Your Home Address:

Variable	Response
4. *Your Home Address: Street Address	[REDACTED]
4. *Your Home Address: City/State	[REDACTED]
4. *Your Home Address: Zip	[REDACTED]

5. *Your Business Address

Variable	Response
5. *Your Business Address Street Address	[REDACTED]
5. *Your Business Address City/State	[REDACTED]
5. *Your Business Address Zip	[REDACTED]

6. *Daytime Phone Number:

[REDACTED]

7. *E-mail Address:

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

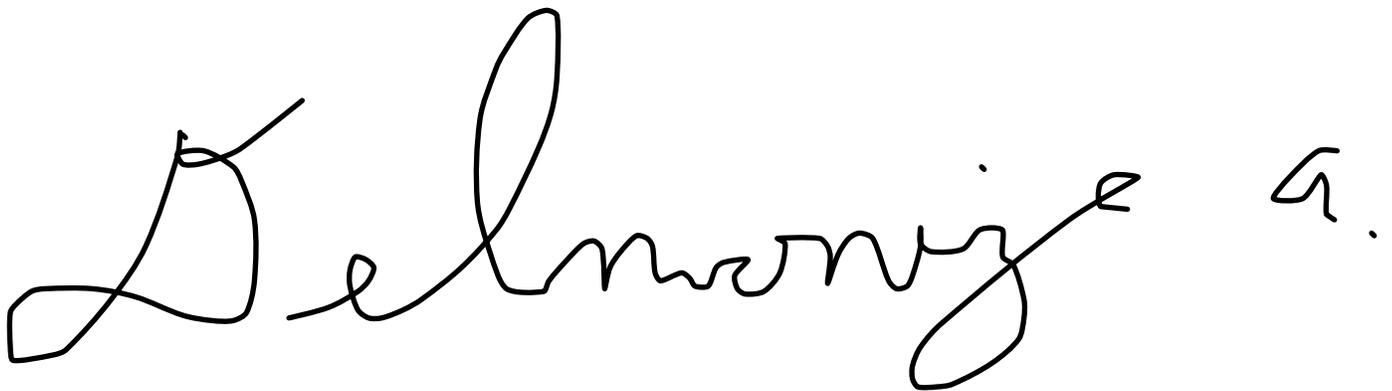
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

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 black ink, reading "Delmonico" followed by a small mark resembling a stylized "A" or a checkmark.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Thursday, July 25, 2013

Updated Thursday, August 29, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/bc1bb60bdd98e45440a56c88fb>

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:

Grace Tillinghast

2. Charter School Name:

Discovery Charter School

3. Charter Authorizer:

Board of Regents

4. *Your Home Address:

Variable	Response
4. *Your Home Address: Street Address	[REDACTED]
4. *Your Home Address: City/State	[REDACTED]
4. *Your Home Address: Zip	[REDACTED]

5. *Your Business Address

Variable	Response
5. *Your Business Address Street Address	[REDACTED]
5. *Your Business Address City/State	[REDACTED]
5. *Your Business Address Zip	[REDACTED]

6. *Daytime Phone Number:

[REDACTED]

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

Page 2

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

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Thursday, July 04, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/62ba2459457f5785f1706094a1>

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:

V. Ferris Todd

2. Charter School Name:

Discovery Charter School

3. Charter Authorizer:

Board of Regents

4. *Your Home Address:

Variable	Response
4. *Your Home Address: Street Address	[REDACTED]
4. *Your Home Address: City/State	[REDACTED]
4. *Your Home Address: Zip	[REDACTED]

5. *Your Business Address

Variable	Response
5. *Your Business Address Street Address	Not applicable
5. *Your Business Address City/State	(No response)
5. *Your Business Address Zip	(No response)

6. *Daytime Phone Number:

[REDACTED]

7. *E-mail Address:

8. Select all positions you held on Board:

(check all that apply)

-
- Other, please specify...: Trustee
-

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

Page 2

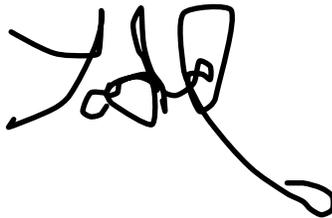
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

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

V. Ferris 

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Wednesday, July 03, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/56643d097ec7d176944f0109d1>

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:

Sara B. Varhus

2. Charter School Name:

Discovery Charter School

3. Charter Authorizer:

Board of Regents

4. *Your Home Address:

Variable	Response
4. *Your Home Address: Street Address	[REDACTED]
4. *Your Home Address: City/State	[REDACTED]
4. *Your Home Address: Zip	[REDACTED]

5. *Your Business Address

Variable	Response
5. *Your Business Address Street Address	[REDACTED]
5. *Your Business Address City/State	[REDACTED]
5. *Your Business Address Zip	[REDACTED]

6. *Daytime Phone Number:

[REDACTED]

7. *E-mail Address:

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

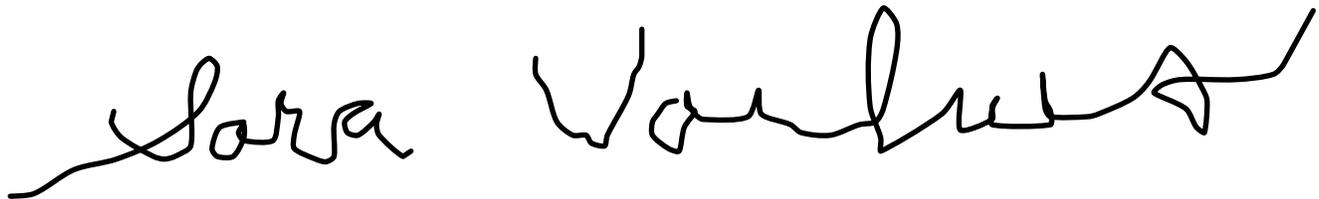
13. Have you or any of your immediate family members or any persons who live with you in your house had an interest in or engaged in a transaction with the charter school during the time you have served on the board, and in the six-month period prior to such service?

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 black ink, reading "Sara Waulhus". The signature is written in a cursive style with a long horizontal line extending to the left of the name.

Required Form: Appendix E - Disclosure of Financial Interest Form

Created Tuesday, July 30, 2013

<http://fluidsurveys.com/surveys/vickie-smith/appendix-e-disclosure-of-financial-interest-form/d00aac59173d6b694b64cc52fe>

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:

David Vigren

2. Charter School Name:

Discovery Charter School

3. Charter Authorizer:

Board of Regents

4. *Your Home Address:

Variable	Response
4. *Your Home Address: Street Address	[REDACTED]
4. *Your Home Address: City/State	[REDACTED]
4. *Your Home Address: Zip	[REDACTED]

5. *Your Business Address

Variable	Response
5. *Your Business Address Street Address	[REDACTED]
5. *Your Business Address City/State	[REDACTED]
5. *Your Business Address Zip	[REDACTED]

6. *Daytime Phone Number:

[REDACTED]

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?

Yes

14a. Identify each individual, business, corporation, union association, firm, partnership, committee proprietorship, franchise holding company, joint stock company, business or real estate trust, non-profit organization, or other organization or group of people doing business with the school and in which such entity, during the time of your tenure as a trustee, you and/or your immediate family member or person living in your house had a financial interest or other relationship. If you are a member, director, officer or employee of an organization formally partnered with the school that is doing business with the school through a management or services agreement, please identify only the name of the organization, your position in the organization as well as the relationship between such organization and the school. If there was no financial interest, write None.

	Organization Conducting Business with the School	Nature of Business Conducted	Approximate Value of the Business Conducted	Name of Trustee and/or Immediate Family Member with Interest	Steps Taken to Avoid Conflict of Interest
1	Education Enterprise of New York (E2)	Management/student services	\$70,000	David Vigen (trustee of E2)	Recusal on Discovery issues.
2	Nazareth College	Student tutoring summer program	None	David Vigen (trustee of Nazareth)	(No response)
3	(No response)	(No response)	(No response)	(No response)	(No response)
4	(No response)	(No response)	(No response)	(No response)	(No response)
5	(No response)	(No response)	(No response)	(No response)	(No response)

Signature of Trustee

David Vignem