INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Financial Statements and Supplemental Schedules Together with Reports of Independent Public Accountants

For the Years Ended June 30, 2016 and 2015

SB & COMPANY, LLC
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JUNE 30, 2016 AND 2015

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Trustees
Integrated Design & Electronics Academy Public Charter School

Report on the Financial Statements

We have audited the accompanying statements of financial position of the Integrated Design & Electronics Academy Public Charter School (IDEA or the School), as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets and cash flows for the years 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 basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the basic 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 basic financial statements based on our audits. We conducted our audits 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; and the auditing standards established pursuant to the District of Columbia School Reform Act, Public law No. 104-134, 110 Stat. 1321-121, 2204(B)(ii)(B)(ix)(1996); D.C. Official Code 38-1802.04(ii)(B)(2001, as amended). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic 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 basic 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 basic financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IDEA as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplemental schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 basic financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards,* we have also issued our report dated November 28, 2016, on our consideration of IDEA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IDEA's internal control over financial reporting and compliance.

Washington, DC
November 28, 2016

SB & Company, LLC

INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Statements of Financial Position
As of June 30, 2016 and 2015

	2016	2015
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 1,042,610**	$ 479,435
Restricted cash	**332,500**	2,200
Accounts receivable	**196,058**	123,572
Prepaid expenses	**14,076**	961
Deposits	**8,820**	-
Total Current Assets	**1,594,064**	606,168
Non-Current Assets		
Property and equipment, net	**11,774,275**	11,024,623
Deposits	**-**	8,820
Deferred financing loan costs, net	**217,484**	-
Total Non-Current Assets	**11,991,759**	11,033,443
Total Assets	**$ 13,585,823**	$ 11,639,611
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	**$ 514,168**	$ 391,557
Accrued interest	**5,735**	-
Accrued payroll and benefits	**492,715**	317,240
Refundable advances	**-**	11,195
Total Current Liabilities	**1,012,618**	719,992
Long-Term Liabilities		
Accrued interest	**-**	712,513
Loan payable, net of current portion	**7,000,000**	8,598,049
Total Long-Term Liabilities	**7,000,000**	9,310,562
Total Liabilities	**8,012,618**	10,030,554
Net Assets		
Unrestricted	**5,560,341**	1,605,439
Temporarily restricted	**12,864**	3,618
Total Net Assets	**5,573,205**	1,609,057
Total Liabilities and Net Assets	**$ 13,585,823**	$ 11,639,611

The accompanying notes are integral part of these financial statements.

INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2016 and 2015

	2016	2015
UNRESTRICTED NET ASSETS		
Revenue and Support		
Per pupil funding	**$ 4,871,718**	$ 3,703,138
DC facilities allowance	**877,844**	666,624
Federal grants	**622,560**	762,653
Contributions and other grants	**103,692**	101,733
Capital contributions	**764,065**	-
Interest income	**383**	486
In-kind revenue	**197,619**	-
Miscellaneous	**395,607**	23,503
Total Revenue	**7,833,488**	5,258,137
Net assets released from restrictions	**1,000**	132
Total Revenue and Support	**7,834,488**	5,258,269
Expenses		
Program	**5,564,379**	4,905,117
Management and general	**966,671**	854,592
Fundraising	**9,098**	12,100
Total Expenses	**6,540,148**	5,771,809
Change in unrestricted net assets before non-operating revenue	**1,294,340**	(513,540)
Non-Operating Revenue		
Write-off of lease obligations	**-**	41,742
Gain on debt forgiveness	**2,660,562**	-
Total Non-operating Revenue	**2,660,562**	41,742
Change in Unrestricted Net Assets	**3,954,902**	(471,798)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions and other income	**10,246**	1,000
Satisfaction of restrictions	**(1,000)**	(132)
Change in Temporarily Restricted Net Assets	**9,246**	868
Changes in net assets	**3,964,148**	(470,930)
Net assets, beginning of year	**1,609,057**	2,079,987
Net Assets, End of Year	**$ 5,573,205**	$ 1,609,057

The accompanying notes are integral part of these financial statements.

INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Changes in net assets (excluding non-operating revenue)	**$ 1,303,586**	$ (512,672)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Donated property and equipment	**(764,065)**	(42,231)
Depreciation and amortization	**355,356**	325,734
Effect of changes in non-cash operating assets and liabilities:		
Accounts receivable	**(72,486)**	135,655
Prepaid expenses	**(13,115)**	3,802
Deposits	**-**	(8,820)
Accounts payable and accrued expenses	**122,611**	(320,168)
Accrued interest	**5,735**	393,082
Accrued payroll and benefits	**175,475**	(6,010)
Refundable advances	**(11,195)**	(117,397)
Net Cash from Operating Activities	**1,101,902**	(149,025)
Cash Flows from Investing Activities		
Payments for purchases of property and equipment	**(340,943)**	(40,278)
Cash Flows from Financing Activities		
Payment of financing costs	**(217,484)**	-
Proceeds from loan payable	**7,000,000**	-
Payments on loan payable	**(6,650,000)**	-
Net Cash from Financing Activities	**132,516**	-
Net change in cash and cash equivalents	**893,475**	(189,303)
Cash and cash equivalents, beginning of year	**481,635**	670,938
Cash and Cash Equivalents, End of Year (Including Restricted Cash)	**$ 1,375,110**	$ 481,635
Supplemental Disclosure		
Extinquishment of lease obligations	**$ -**	$ 41,742
Gain on forgiveness of debt	**$ 2,660,562**	$ -

The accompanying notes are integral part of these financial statements.

Notes to the Financial Statements
June 30, 2016 and 2015

1. ORGANIZATION AND PROGRAM

The Integrated Design & Electronics Academy Public Charter School (IDEA or the School) is a not-for-profit corporation serving students in grade 9-12, based on the JROTC Career Academy model that is career-focused and integrates academic and occupational curriculums, increases student career options, and provides a meaningful learning context for both potential drop-outs and college-bound youth.

On July 1, 1998, the School entered into a contract with the District of Columbia Board of Education granting the School a charter for the establishment of a public charter school in Washington, DC. The charter was renewed in March 2015, and shall continue for a term of 15 years unless renewed, revoked, or terminated by the Board of Education for violations of applicable laws and conditions, terms and procedures set forth in the charter. The School's current charter provides for enrollment of up to 600 students in ninth through twelfth grade. Under the provisions of the contract, the District of Columbia Board of Education is to make annual payments to the School for services provided to the students based on the number of students attending the School each year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of IDEA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of 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 disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

IDEA considers all cash in banks and other short-term investments with original maturities of less than 90 days to be cash and cash equivalents.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable represents grants and per pupil funding earned, but not collected as of the end of the fiscal year. Accounts receivable are recorded at their net realizable value. IDEA records an allowance for doubtful accounts equal to estimated losses that will be incurred in the collection of receivables. The estimated losses are based on historical collection experience and the review of the current status of existing receivables. Management believes that all receivables were fully collectible as of June 30, 2016 and 2015.

Property and Equipment

Property and equipment valued in excess of $1,000, with an anticipated useful life greater than one year, are capitalized and recorded at cost if purchased, or estimated fair market value as of the date of gift, if donated. IDEA recognized $764,065 and $42,231, of donated property and equipment during the years ended June 30, 2016 and 2015, respectively. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the assets.

Deferred Financing Costs

During the year ended June 30, 2016, IDEA incurred deferred financing costs of $217,484 associated with the loan refinancing and other bank charges. The deferred financing costs will be amortized starting from July 1, 2016 over the remaining life of the debt using the effective interest method, which approximates straight-line. There was no amortization expense recorded for the year ended June 30, 2016.

Net Assets

Unrestricted net assets are assets and contributions that are not restricted by donors or for which restrictions have expired.

Temporarily restricted net assets are those whose uses by IDEA have been limited by donors primarily for a specific time period or purpose. When a donor restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as unrestricted net assets.

Permanently restricted net assets are those that are restricted by donors to be maintained by IDEA in perpetuity. There were no permanently restricted net assets as of June 30, 2016 and 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted and Unrestricted Support and Revenue

Contributions received are recorded as unrestricted, temporarily or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Gifts of cash and other assets are reported 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 some stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Revenue Recognition

A substantial portion of IDEA's revenue is derived from the District of Columbia based on enrollment. The revenue is recognized ratably over the school year. Revenue from other government sources are recognized as earned. Refundable advances represent summer school payments from the District of Columbia made prior to June 30.

Capital Contributions and Donated Services

During the year ended June 30, 2016, IDEA received donated services of $961,684. Of this amount, $764,065, was capitalized as a building improvement. The remaining $197,619, was recognized as donated program costs.

Advertising Costs

Advertising costs are expensed when incurred. The costs of advertising are expensed when the services are received. Advertising expense for the years ended June 30, 2016 and 2015, were $41,293 and $2,193, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services that benefit from those costs. Management and general expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of IDEA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

IDEA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. IDEA performed an evaluation of uncertain tax positions for the year ended June 30, 2016, and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status as of June 30, 2016. For the year ended June 30, 2016, the statute of limitations for fiscal years 2013 through 2016 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which IDEA files tax returns. It is IDEA's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

Reclassification

Certain 2015 amounts have been reclassified to conform to the 2016 financial statement presentation. These reclassifications had no effect on previously reported results of operations or net assets.

Subsequent Events

IDEA's management has evaluated subsequent events and transactions through November 28, 2016, the date that these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. RESTRICTED CASH

The restricted cash balance of $2,200, as of June 30, 2015, represented unspent proceeds on the construction loan. In September 2015, these funds were authorized to be transferred to unrestricted cash.

On June 21, 2016, a trust account was opened associated with the refinanced loan. The $332,500, as of June 30, 2016, represents the unspent proceeds of the $7,000,000, loan after paying off the prior year debt to the beneficiary plus program fees (See Note 5).

4. PROPERTY AND EQUIPMENT

As of June 30, 2016 and 2015, property and equipment consisted of the following:

	2016	2015	Useful Lives
Land	**$ 150,000**	$ 150,000	N/A
Construction in progress	**52,989**	-	N/A
Building	**9,567,915**	9,567,915	40-50 years
Building improvements	**4,179,999**	3,322,787	5-7 years
Furniture and equipment	**2,679,172**	2,484,365	3-7 years
Total	**16,630,075**	15,525,067	
Less: accumulated depreciation	**4,855,800**	4,500,444	
Property and Equipment, Net	**$ 11,774,275**	$ 11,024,623	

Depreciation expense was $355,356 and $298,461, for the years ended June 30, 2016 and 2015, respectively.

5. LOAN PAYABLE

In June 2016, the District of Columbia issued $7,000,000, of tax-exempt revenue bonds purchased by Eagle Bank (the Series 2016 bonds) secured by the land, building, and improvements of IDEA, the proceeds of which were loaned to IDEA. The loan has a floating interest rate fixed every five years equal to the lessor of five-year LIBOR plus 3.4 percent multiplied by one minus the Bank's tax rate (rounded up to the nearest one-eighth percent), or 2.95% for the five years ended June 30, 2021. The loan has a term of 25 years, with an initial interest-only period of 18 months. Monthly interest-only payments of $17,781, are due on the loan until December 2017. Starting from January 2018, monthly principal and interest payments of estimated $33,164, are due on the loan until the loan matures in June 1, 2046.

With the proceeds of the Eagle Bank loan, IDEA made a discounted balloon payment of $6,650,000 to the Purchaser as the Purchaser offered an additional discount of $350,000 for pre-payment prior to the July 1, 2017 maturity date. Excess loan funds were deposited into a trust account at Wilmington Trust and are restricted for additional capital improvements to IDEA's facility. When the Purchaser's loan was repaid, accrued interest and principal in excess of the payoff amount were recognized as a non-operating revenue in the amount of $2,660,562, in the accompanying statements of activities and changes in net assets. As of June 30, 2016, the Eagle Bank loan had an outstanding balance of $7,000,000, and the cash balance in the Wilmington Trust restricted trust account was $332,500.

5. LOAN PAYABLE (continued)

The future minimum payments on the loan payable as of June 30, 2016, were as follows:

Fiscal Years Ending June 30,	Amount
2017	$ -
2018	**95,191**
2019	**194,113**
2020	**199,456**
2021	**206,048**
2022 and thereafter	**6,305,192**
Total	**$ 7,000,000**

The loan has certain financial covenants that require annual financial statements to be submitted within 150 days after year end, quarterly interim financial statements to be provided within 45 days of each 3-month time period, and maintenance of debt service financial ratios.

Interest expense on the loan was $5,735, for the year ended June 30, 2016.

Background Information

In August 2009, IDEA entered into a loan agreement with a bank for a maximum principal of up to $8,000,000, which was used to construct a health and wellness center for IDEA. The loan accrued interest at a fixed rate of interest of 6.25%. Interest expense was $371,486, for the year ended June 30, 2015. The loan was set to mature in August 2015.

In October 2012, IDEA entered into a line of credit that allowed for borrowings up to $500,000. The line of credit had an interest rate at the bank’s prime rate plus 1% per year and matured in December 2014. Outstanding balances on this line of credit were secured by all assets of IDEA. The average interest rate incurred for the year ended June 30, 2015, was 4.25%. Interest expense for the year ended June 30, 2015 was $21,596.

In March 2015, the loan and the line of credit were sold to Charter Schools Facility Holding Company, LLC (the Purchaser) at a discount of $7,000,000. No interest or principal was due on the loan until the maturity date, which was July 1, 2017. If IDEA failed to pay the discounted balloon payment on or prior to the maturity date, all amounts due under the original loan and note payable to the bank would immediately become due, and the Purchaser would have the right to call the debt. In accordance with generally accepted accounting principles, management had recorded the loan payable as of June 30, 2015, in the amount of $8,598,049, as well as accrued interest in the amount of $712,513, in the accompanying statements of financial position, intending to carry these balances and accruing interest expense until such time that there are no contingencies related to the discounted payment terms.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2016 and 2015, were available for the following purposes:

	2016	2015
Boy Scouts Troop	**$ 3,118**	$ 2,618
Scholarship	**9,746**	1,000
Total	**$ 12,864**	$ 3,618

7. CONTINGENCIES

Grants and Contracts

IDEA receives financial assistance from Federal government grants and contracts. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of IDEA. IDEA's management believes such disallowance, if any, would not be material to the financials as of June 30, 2016 and 2015.

IDEA also receives a substantial portion of its revenue from the Government of the District of Columbia. If a significant reduction in this revenue should occur, it may have an effect on IDEA's programs. During the years ended June 30, 2016 and 2015, IDEA earned revenue of $6,372,122 and $5,132,415, respectively, from the Government of the District of Columbia, and the Federal government, which was 81% and 98% of the total revenue and support for the years ended June 30, 2016 and 2015, respectively. These amounts are reflected as per pupil funding, DC facilities allowance, and Federal grants in the accompanying statements of activities and changes in net assets.

8. RETIREMENT PLANS

IDEA has a 403(b) defined contribution retirement plan (the Plan). An eligible employee may, on a voluntary basis, begin participation in the Plan on the plan entry date following the completion of one year of service. The Plan provides funding in the amount of 2% for employees who did not contribute to the Plan and up to 3% of each eligible employee's annual salary for employees who contribute to the Plan. IDEA's contribution under the Plan for the years ended June 30, 2016 and 2015, was approximately $39,000 and $35,000, respectively. IDEA also has a supplemental 403(b) plan that allows employees to contribute to upon their employment with IDEA. IDEA does not match any contributions made to this supplemental plan.

SUPPLEMENTARY INFORMATION

INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Supplemental Schedule of Functional Expenses
For the Year Ended June 30, 2016, with Comparable Totals for 2015

	2016				2015
	Educational Programs	General and Administrative	Fundraising	Total	Total
SALARIES, TAXES AND BENEFITS					
Salaries	$ 2,857,940	$ 544,370	$ -	$ 3,402,310	$ 2,754,973
Employee benefits	208,703	39,753	-	248,456	233,598
Payroll taxes and fees	242,782	46,244	-	289,026	234,772
Contracted staff	150,950	28,752	-	179,702	246,456
Staff development expense	59,002	11,238	-	70,240	48,502
Total salaries, taxes and benefits	3,519,377	670,357	-	4,189,734	3,518,301
DIRECT STUDENT COSTS					
Supplies and materials	134,536	-	-	134,536	107,247
Transportation	33,194	-	-	33,194	17,041
Contracted student services	71,199	-	-	71,199	58,318
Scholarships and awards	2,000	-	-	2,000	645
Vocational labs	-	-	-	-	2,611
Student activities	79,973	-	-	79,973	88,761
Student recruiting	62,495	-	-	62,495	29,901
Miscellaneous student costs	106,011	-	-	106,011	18,002
Total direct student costs	489,408	-	-	489,408	322,526
OCCUPANCY EXPENSES					
Utilities	171,793	32,723	-	204,516	337,766
Contracted building services	242,728	46,234	-	288,962	166,144
Maintenance and repairs	213,428	40,653	-	254,081	62,599
Mortgage interest expense	4,817	918	-	5,735	371,486
Total occupancy expenses	632,766	120,528	-	753,294	937,995
OFFICE EXPENSES					
Office supplies and materials	58,839	11,208	-	70,047	52,377
Office equipment rental/maintenance	96,884	18,454	-	115,338	34,232
Legal, accounting, and payroll services	129,083	24,587	-	153,670	166,430
Telephone/telecommunications	32,281	6,149	-	38,430	43,821
Printing/copying	-	-	-	-	2,152
Professional expenses	95,867	18,260	-	114,127	-
Postage and shipping	4,701	895	-	5,596	6,268
Other office expenses	7,942	1,513	-	9,455	1,021
Total office expenses	425,597	81,066	-	506,663	306,301
GENERAL EXPENSES					
Insurance	45,559	8,678	-	54,237	81,982
Transportation/travel	473	90	-	563	1,385
Food service	86,101	16,400	-	102,501	79,065
Membership fees	-	-	-	-	1,302
Administration fee to PCSB	56,881	10,834	-	67,715	52,061
Miscellaneous interest expense	-	-	-	-	21,596
Depreciation	298,499	56,857	-	355,356	298,461
Amortization expense	-	-	-	-	27,273
Other general expense	9,718	1,861	9,098	20,677	27,501
Total general expenses	497,231	94,720	9,098	601,049	590,626
RTTT-IIS Sub-Grantees Costs	-	-	-	-	96,060
Total Expenses	$ 5,564,379	$ 966,671	$ 9,098	$ 6,540,148	$ 5,771,809

INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Supplemental Schedule of Functional Expenses
For the Year Ended June 30, 2015

	2015			
	Educational Programs	General and Administrative	Fundraising	Total
SALARIES, TAXES AND BENEFITS				
Salaries	$ 2,314,177	$ 440,796	$ -	$ 2,754,973
Employee benefits	196,222	37,376	-	233,598
Payroll taxes and fees	197,208	37,564	-	234,772
Contracted staff	207,023	39,433	-	246,456
Staff development expense	40,742	7,760	-	48,502
Total salaries, taxes and benefits	2,955,372	562,929	-	3,518,301
DIRECT STUDENT COSTS				
Supplies and materials	107,247	-	-	107,247
Transportation	17,041	-	-	17,041
Contracted student services	58,318	-	-	58,318
Scholarships and awards	645	-	-	645
Vocational labs	2,611	-	-	2,611
Student activities	88,761	-	-	88,761
Student recruiting	29,901	-	-	29,901
Miscellaneous student costs	18,002	-	-	18,002
Total direct student costs	322,526	-	-	322,526
OCCUPANCY EXPENSES				
Utilities	283,723	54,043	-	337,766
Contracted building services	139,561	26,583	-	166,144
Maintenance and repairs	52,583	10,016	-	62,599
Mortgage interest expense	312,048	59,438	-	371,486
Total occupancy expenses	787,915	150,080	-	937,995
OFFICE EXPENSES				
Office supplies and materials	43,997	8,380	-	52,377
Office equipment rental/maintenance	28,755	5,477	-	34,232
Legal, accounting, and payroll services	139,801	26,629	-	166,430
Telephone/telecommunications	36,810	7,011	-	43,821
Printing/copying	1,808	344	-	2,152
Postage and shipping	5,265	1,003	-	6,268
Other office expenses	858	163	-	1,021
Total office expenses	257,294	49,007	-	306,301
GENERAL EXPENSES				
Insurance	68,865	13,117	-	81,982
Transportation/travel	1,163	222	-	1,385
Food service	66,415	12,650	-	79,065
Membership fees	1,094	208	-	1,302
Administration fee to PCSB	43,731	8,330	-	52,061
Miscellaneous interest expense	18,141	3,455	-	21,596
Depreciation	250,707	47,754	-	298,461
Amortization expense	22,909	4,364	-	27,273
Other general expense	12,925	2,476	12,100	27,501
Total general expenses	485,950	92,576	12,100	590,626
RTTT-IIS Sub-Grantees Costs	96,060	-	-	96,060
Total Expenses	$ 4,905,117	$ 854,592	$ 12,100	$ 5,771,809

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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*

The Board of Trustees
Integrated Design & Electronics Academy Public Charter School

We have audited 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, the financial statements of Integrated Design & Electronics Academy Public Charter School (IDEA or the School), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 28, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

1299 Pennsylvania Avenue NW • Suite 1120 • Washington • District of Columbia 20004 • P 202.803.2335 • F 202-821-1320

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Compliance and Other Matters

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

Purpose of this Report

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

Washington, DC
November 28, 2016

SB & Company, LLC