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, 2017 and 2016

SB & COMPANY, LLC
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JUNE 30, 2017 AND 2016

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The 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, 2017 and 2016, 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; 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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended, in accordance 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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017, 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
December 1, 2017

SB + Company, LLC

INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Statements of Financial Position
As of June 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 560,466**	1,042,610
Restricted cash	**332,500**	332,500
Accounts receivable	**518,371**	196,058
Prepaid expenses	**1,748**	14,076
Deposits	**3,445**	8,820
Total Current Assets	**1,416,530**	1,594,064
Non-Current Assets		
Property and equipment, net	**11,887,635**	11,774,275
Total Non-Current Assets	**11,887,635**	11,774,275
Total Assets	**$ 13,304,165**	$ 13,368,339
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	**$ 587,074**	$ 514,168
Accrued interest	**17,208**	5,735
Accrued payroll and benefits	**455,911**	492,715
Unearned revenue	**22,633**	-
Loan payable, current portion	**95,191**	-
Total Current Liabilities	**1,178,017**	1,012,618
Long-Term Liabilities		
Capital lease	**21,654**	-
Loan payable, net of current portion and deferred financing costs	**6,609,892**	6,782,516
Total Long-Term Liabilities	**6,631,546**	6,782,516
Total Liabilities	**7,809,563**	7,795,134
Net Assets		
Unrestricted	**5,479,089**	5,560,341
Temporarily restricted	**15,513**	12,864
Total Net Assets	**5,494,602**	5,573,205
Total Liabilities and Net Assets	**$ 13,304,165**	$ 13,368,339

The accompanying notes are an 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, 2017 and 2016

	2017	2016
UNRESTRICTED NET ASSETS		
Revenue and Support		
Per-pupil funding	$ 4,537,135	$ 4,871,718
DC facilities allowance	818,488	877,844
Federal grants	955,359	622,560
Contributions and other grants	179,682	103,692
Capital contributions	-	764,065
Interest income	946	383
In-kind revenue	-	197,619
Miscellaneous	200,668	395,607
Total Revenue	6,692,278	7,833,488
Net assets released from restrictions	3,746	1,000
Total Revenue and Support	6,696,024	7,834,488
Expenses		
Program	5,774,375	5,564,379
Management and general	991,250	966,671
Fundraising	11,651	9,098
Total Expenses	6,777,276	6,540,148
Change in Unrestricted Net Assets before Non-operating Revenue	(81,252)	1,294,340
Non-Operating Revenue		
Gain on debt forgiveness	-	2,660,562
Total Non-operating Revenue	-	2,660,562
Change in Unrestricted Net Assets	(81,252)	3,954,902
TEMPORARILY RESTRICTED NET ASSETS		
Contributions and other income	6,395	10,246
Satisfaction of restrictions	(3,746)	(1,000)
Change in Temporarily Restricted Net Assets	2,649	9,246
Changes in net assets	(78,603)	3,964,148
Net assets, beginning of year	5,573,205	1,609,057
Net Assets, End of Year	$ 5,494,602	$ 5,573,205

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

INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Changes in net assets (excluding non-operating revenue)	**$ (78,603)**	$ 1,303,586
Adjustments to reconcile change in net assets to net cash from operating activities:		
Donated property and equipment	-	(764,065)
Depreciation and amortization	**426,182**	355,356
Effect of changes in non-cash operating assets and liabilities:		
Accounts receivable	**(322,313)**	(72,486)
Prepaid expenses	**12,328**	(13,115)
Deposits	**5,375**	
Accounts payable and accrued expenses	**72,906**	122,611
Accrued interest	**11,473**	5,735
Accrued payroll and benefits	**(36,804)**	175,475
Capital lease	**21,654**	-
Unearned revenue	**22,633**	(11,195)
Net Cash from Operating Activities	**134,831**	1,101,902
Cash Flows from Investing Activities		
Payments for purchases of property and equipment	**(524,223)**	(340,943)
Net Cash from Investing Activities	**(524,223)**	(340,943)
Cash Flows from Financing Activities		
Payment of financing costs	**(92,752)**	(217,484)
Proceeds from loan payable	-	7,000,000
Payments on loan payable	-	(6,650,000)
Net Cash from Financing Activities	**(92,752)**	132,516
Net change in cash and cash equivalents	**(482,144)**	893,475
Cash and cash equivalents, beginning of year	**1,375,110**	481,635
Cash and Cash Equivalents, End of Year (Including Restricted Cash)	**$ 892,966**	$ 1,375,110
Supplemental Disclosure		
Gain on forgiveness of debt	**$ -**	$ 2,660,562
Fixed assets donated	**$ -**	$ 764,065

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

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 District of Columbia Board of Education for violations of applicable laws, 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. Cash equivalents consists of money market funds.

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, 2017 and 2016, and, as such, no allowance for doubtful accounts has been recorded.

Property and Equipment

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

Deferred Financing Costs

Deferred financing costs relate to a loan initially entered into in June 2016. 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. Accounting principles generally accepted in the United States of America requires that debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability. The unamortized deferred financing costs were $294,917 and $217,484 as of June 30, 2017 and 2016, respectively, and were netted to the loan payable in liabilities.

Net Assets

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

Temporarily restricted net assets are those whose use 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, 2017 and 2016.

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 Board of Education 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 Board of Education made prior to June 30.

Advertising Costs

Advertising costs are expensed when incurred. The costs of advertising are expensed when the services are received. Advertising costs for the years ended June 30, 2017 and 2016, were $54,570 and $41,293, 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 program 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, 2017, 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, 2017. For the year ended June 30, 2017, 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.

Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03, *Interest - Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). ASU 2015-03 requires that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability. The recognition and measurement of debt issuance costs are not affected by the new guidance. ASU 2015-03 was effective for fiscal years beginning after December 15, 2015. ASU 2015-03 was adopted for the year ended June 30, 2017, and has been retrospectively applied to the balance sheet as of June 30, 2016. The unamortized debt issuance cost of $294,917 and $217,484 as of June 30, 2017 and 2016, was reclassified from deferred costs in assets to net the mortgage note payable in liabilities. Additional disclosures have been added to reflect the requirements of ASU 2015-03. The adoption of ASU 2015-03 did not have a material impact on the School's financial statements.

In August 2014, the FASB issued ASU No. 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*. ASU 2014-15 requires management to assess an entity's ability to continue as a going concern. Management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. This pronouncement was effective for the annual reporting periods ending after December 15, 2016. The adoption of ASU 2014-15 did not have a material impact on the School's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements (continued)

In August 2016, FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* and ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, that provides updated guidance on the reporting model for not-for-profits and the statement of cash flows. These standards are effective for periods beginning after December 15, 2017 and December 15, 2018, respectively. Management is evaluating the effects of these pronouncements on the financial statements, and will implement these pronouncements by their effective dates. Management does not believe the adoption of these pronouncements will have a material effect on the financial statements.

Reclassification

Certain 2016 amounts have been reclassified to conform to the 2017 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 December 1, 2017, the date that these financial statements were available for issue, and have determined that no material subsequent events, except as noted in footnote 9, have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. RESTRICTED CASH

On June 21, 2016, a trust account was opened associated with the loan. The $332,500, as of June 30, 2017 and 2016, represents the unspent proceeds of the $7,000,000, loan after paying off the prior year debt to the beneficiary plus program fees.

4. PROPERTY AND EQUIPMENT

As of June 30, 2017 and 2016, property and equipment consisted of the following:

	2017	2016	Useful Lives
Land	**$ 150,000**	$ 150,000	N/A
Construction in progress	**378,088**	52,989	N/A
Building	**9,567,914**	9,567,915	40-50 years
Building improvements	**4,317,591**	4,179,999	5-7 years
Furniture and equipment	**2,646,422**	2,679,172	3-7 years
Total	**17,060,015**	16,630,075	
Less: accumulated depreciation	**5,172,380**	4,855,800	
Property and Equipment, Net	**$ 11,887,635**	$ 11,774,275	

Depreciation expense was $407,950 and $355,356, for the years ended June 30, 2017 and 2016, 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 for the year ended June 30, 2016. As of June 30, 2017, 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.

For the years ended June 30, 2017 and 2016, IDEA incurred deferred financing cost of $92,752 and $217,484, respectively, associated with the loan refinancing and other bank charges. The deferred financing costs are being amortized starting from July 1, 2016 over the remaining life of the debt using the effective interest method, which approximates straight-line.

5. LOAN PAYABLE (continued)

Loan payable consists of following as of June 30,

	2017	2016
Principal amount	**$ 7,000,000**	$ 7,000,000
Less: unamortized debt issurance cost	**294,917**	217,484
Loan Payable, net	**$ 6,705,083**	$ 6,782,516

The future minimum payments on the loan payable as of June 30, 2017, were as follows:

Fiscal Years Ending June 30,	Amount
2018	**$ 95,191**
2019	**194,113**
2020	**199,456**
2021	**206,048**
2022	**211,758**
2023 and thereafter	**6,093,434**
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. IDEA was in violation of covenants for submitting the annual financial statement within 150 days after year end, and quarterly interim financial statements within 45 days. IDEA has received a waiver from the Bank.

Interest expense on the loan was $208,676 and $5,735, for the years ended June 30, 2017 and 2016, respectively.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2017 and 2016, were available for the following purposes:

	2017	2016
Boy Scouts Troop	**$ 500**	$ 3,118
Scholarship	**15,013**	9,746
Total	**$ 15,513**	$ 12,864

7. CONTINGENCIES

Capital Lease

In November 2016, IDEA leased equipment under a lease agreement that was classified as capital lease for financial reporting purposes. The lease expires November 2021. The leased equipment is included in furniture and equipment at a cost of $24,518, with accumulated depreciation of $2,914, as of June 30, 2017, respectively. Amortization expense for the year ended June 30, 2017, was $2,914.

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 financial statements as of June 30, 2017 and 2016.

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, 2017 and 2016, IDEA earned revenue of $6,310,982 and $6,372,122, respectively, from the Government of the District of Columbia, and the Federal government, which was 94% and 81% of the total revenue and support for the years ended June 30, 2017 and 2016, 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, 2017 and 2016, was $46,653 and $39,476, respectively. IDEA also has a supplemental 403(b) plan which employees are allowed to contribute to upon their employment with IDEA. IDEA does not match any contributions made to this supplemental plan.

9. SUBSEQUENT EVENTS

In September 2017, the offices of the Deputy Mayor of Education (DME) and the State Superintendent of Education (OSSE), notified all charter school leaders of a tentative approved contract with the Washington Teacher's Union (WTU). Upon approval of the contract by the City Council and Mayor of the District of Columbia (DC), it is expected that OSSE will provide additional funding to all DC Public and Charter Schools through an increase in the per pupil allocation (Uniform per Student Funding Formula (UPSFF)) which will be applied retroactive for fiscal 2017 and to future years. All public charter schools are expected to receive a one-time payment to reflect the increase in the fiscal year 2017 UPSFF base rate, which will be calculated based on the final enrollment audit count from fiscal year 2017, supplemental payments and extended school year (ESY) funding.

Based on IDEA's final enrollment count and the $203 rate increase expected to the fiscal year 2017 UPSFF base rate, IDEA anticipates receiving approximately $88,000 in retroactive per pupil allocation revenue which will be recognized and reported in IDEA's fiscal year 2018 financial statements.

SUPPLEMENTARY INFORMATION

INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Supplemental Schedule of Functional Expenses
For the Year Ended June 30, 2017, with Comparable Totals for 2016

	2017				2016
	Educational Programs	General and Administrative	Fundraising	Total	Total
SALARIES, TAXES AND BENEFITS					
Salaries	$ 3,032,287	$ 577,578	$ -	$ 3,609,865	$ 3,402,310
Employee benefits	294,405	56,077	-	350,482	248,456
Payroll taxes and fees	265,264	50,526	-	315,790	289,026
Contracted staff	28,909	5,507	-	34,416	179,702
Staff development expense	64,893	12,361	-	77,254	70,240
Total salaries, taxes and benefits	3,685,758	702,049	-	4,387,807	4,189,734
DIRECT STUDENT COSTS					
Supplies and materials	128,305	-	-	128,305	134,536
Transportation	31,800	-	-	31,800	33,194
Contracted student services	207,386	-	-	207,386	71,199
Scholarships and awards	3,250	-	-	3,250	2,000
Scholarships and awards	-	-	-	-	-
Student activities	87,345	-	-	87,345	79,973
Student recruiting	95,849	-	-	95,849	62,495
Miscellaneous student costs	24,744	-	-	24,744	106,011
Total direct student costs	578,679	-	-	578,679	489,408
OCCUPANCY EXPENSES					
Utilities	191,922	36,557	-	228,479	204,516
Contracted building services	154,179	29,368	-	183,547	288,962
Maintenance and repairs	95,511	18,193	-	113,704	254,081
Mortgage interest expense	189,961	36,183	-	226,144	5,735
Total occupancy expenses	631,573	120,301	-	751,874	753,294
OFFICE EXPENSES					
Office supplies and materials	50,833	9,682	-	60,515	70,047
Office equipment rental/maintenance	7,493	1,427	-	8,920	115,338
Legal, accounting, and payroll services	132,302	25,200	-	157,502	153,670
Telephone/telecommunications	19,287	3,674	-	22,961	38,430
Professional expenses	131,731	25,092	-	156,823	114,127
Postage and shipping	6,645	1,266	-	7,911	5,596
Other office expenses	12,818	2,442	-	15,260	9,455
Total office expenses	361,109	68,783	-	429,892	506,663
GENERAL EXPENSES					
Insurance	42,372	8,071	-	50,443	54,237
Transportation/travel	1,691	322	-	2,013	563
Food service	70,354	13,401	-	83,755	102,501
Administration fee to PCSB	56,007	10,668	-	66,675	67,715
Depreciation	342,678	65,272	-	407,950	355,356
Other general expense	4,154	2,383	11,651	18,188	20,677
Total general expenses	517,256	100,117	11,651	629,024	601,049
Total Expenses	$ 5,774,375	$ 991,250	$ 11,651	$ 6,777,276	$ 6,540,148

INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Supplemental Schedule of Functional Expenses
For the Year Ended June 30, 2016

	Educational Programs	General and Administrative	Fundraising	Total
SALARIES, TAXES AND BENEFITS				
Salaries	$ 2,857,940	$ 544,370	$ -	$ 3,402,310
Employee benefits	208,703	39,753	-	248,456
Payroll taxes and fees	242,782	46,244	-	289,026
Contracted staff	150,950	28,752	-	179,702
Staff development expense	59,002	11,238	-	70,240
Total salaries, taxes and benefits	3,519,377	670,357	-	4,189,734
DIRECT STUDENT COSTS				
Supplies and materials	134,536	-	-	134,536
Transportation	33,194	-	-	33,194
Contracted student services	71,199	-	-	71,199
Scholarships and awards	2,000	-	-	2,000
Student activities	79,973	-	-	79,973
Student recruiting	62,495	-	-	62,495
Miscellaneous student costs	106,011	-	-	106,011
Total direct student costs	489,408	-	-	489,408
OCCUPANCY EXPENSES				
Utilities	171,793	32,723	-	204,516
Contracted building services	242,728	46,234	-	288,962
Maintenance and repairs	213,428	40,653	-	254,081
Mortgage interest expense	4,817	918	-	5,735
Total occupancy expenses	632,766	120,528	-	753,294
OFFICE EXPENSES				
Office supplies and materials	58,839	11,208	-	70,047
Office equipment rental/maintenance	96,884	18,454	-	115,338
Legal, accounting, and payroll services	129,083	24,587	-	153,670
Telephone/telecommunications	32,281	6,149	-	38,430
Professional expenses	95,867	18,260	-	114,127
Postage and shipping	4,701	895		5,596
Other office expenses	7,942	1,513	-	9,455
Total office expenses	425,597	81,066	-	506,663
GENERAL EXPENSES				
Insurance	45,559	8,678	-	54,237
Transportation/travel	473	90	-	563
Food service	86,101	16,400	-	102,501
Administration fee to PCSB	56,881	10,834	-	67,715
Depreciation	298,499	56,857	-	355,356
Other general expense	9,718	1,861	9,098	20,677
Total general expenses	497,231	94,720	9,098	601,049
Total Expenses	$ 5,564,379	$ 966,671	$ 9,098	$ 6,540,148

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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, 2017, 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 December 1, 2017.

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.

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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
December 1, 2017

SB & Company, LLC