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, 2015 and 2014

SB & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

JUNE 30, 2015 AND 2014

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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, 2015 and 2014, 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, 2015 and 2014, 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. Also, the accompanying schedule of expenditures of Federal awards, is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is 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 December 11, 2015, 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 11, 2015

SB + Company, LLC

INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Statements of Financial Position
As of June 30 2015 and 2014

	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 479,435**	$ 668,738
Restricted cash	**2,200**	2,200
Accounts receivable	**123,572**	259,227
Prepaid expenses	**961**	4,763
Total Current Assets	**606,168**	934,928
Non-Current Assets		
Property and equipment, net	**11,024,623**	11,240,575
Deposits	**8,820**	-
Deferred financing loan costs, net	-	27,273
Total Non-Current Assets	**11,033,443**	11,267,848
Total Assets	**$ 11,639,611**	$ 12,202,776
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	**$ 391,557**	$ 753,467
Accrued interest	-	319,431
Accrued payroll and benefits	**317,240**	323,250
Refundable advances	**11,195**	128,592
Line of credit	-	500,000
Loan payable	-	8,098,049
Total Current Liabilities	**719,992**	10,122,789
Long-Term Liabilities		
Accrued interest	**712,513**	-
Loan payable, net of current portion	**8,598,049**	-
Total Long-Term Liabilities	**9,310,562**	-
Total Liabilities	**10,030,554**	10,122,789
Net Assets		
Unrestricted	**1,605,439**	2,077,237
Temporarily restricted	**3,618**	2,750
Total Net Assets	**1,609,057**	2,079,987
Total Liabilities and Net Assets	**$ 11,639,611**	$ 12,202,776

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, 2015 and 2014

	2015	2014
UNRESTRICTED NET ASSETS		
Revenue and Support		
Per pupil funding	**$ 4,369,762**	$ 3,620,032
Federal grants	**762,653**	1,082,849
Contributions and other grants	**101,733**	68,569
Interest income	**486**	246
In-kind revenue	**-**	6,673
Miscellaneous	**23,503**	25,239
Total Revenue	**5,258,137**	4,803,608
Net assets released from restrictions	**132**	-
Total Revenue and Support	**5,258,269**	**4,803,608**
Expenses		
Program	**4,905,117**	5,418,855
Management and general	**854,592**	863,074
Fundraising	**12,100**	13,650
Total Expenses	**5,771,809**	6,295,579
Operating Loss	**(513,540)**	(1,491,971)
Non-Operating Expense (Revenue)		
Write-off lease of obligations	**41,742**	-
Loss on disposal of assets	**-**	(81,827)
Total Non-operating Expense (Revenue)	**41,742**	(81,827)
Change in Unrestricted Net Assets	**(471,798)**	(1,573,798)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions and other income	**1,000**	2,750
Satisfaction of restrictions	**(132)**	-
Change in Temporarily Restricted Net Assets	**868**	2,750
Changes in net assets	**(470,930)**	(1,571,048)
Net assets, beginning of year	**2,079,987**	3,651,035
Net Assets, End of Year	**$ 1,609,057**	$ 2,079,987

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, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Changes in net assets	**$ (470,930)**	$ (1,571,048)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	**325,734**	363,677
Extinquishment of lease obligations	**(41,742)**	-
Donated assets	**-**	(6,673)
Loss on disposal of assets	**-**	81,827
Effect of changes in non-cash operating assets and liabilities:		
Accounts receivable	**135,655**	575,166
Prepaid expenses	**3,802**	2,553
Deposits	**(8,820)**	
Accounts payable and accrued expenses	**(320,168)**	3,818
Accrued interest	**393,082**	319,431
Accrued payroll and benefits	**(6,010)**	(208,310)
Refundable advances	**(117,397)**	21,504
Net Cash from Operating Activities	**(106,794)**	(418,055)
Cash Flows from Investing Activities		
Proceeds from sale of property and equipment	**-**	121,165
Payments for purchases of property and equipment	**(82,509)**	(19,915)
Net Cash from Investing Activities	**(82,509)**	101,250
Cash Flows from Financing Activities		
Proceeds from line of credit, net	**-**	388,257
Proceeds from loan payable	**-**	(36,951)
Net Cash from Financing Activities	**-**	351,306
Net change in cash and cash equivalents	**(189,303)**	34,501
Cash and cash equivalents, beginning of year	**668,738**	634,237
Cash and Cash Equivalents, End of Year	**$ 479,435**	$ 668,738
Supplemental Disclosure		
Extinquishment of lease obligations	**$ 41,742**	
Cash paid during the year for interest	**$ -**	$ 190,482
Fixed assets donated during the year	**$ 42,231**	$ 6,673

The accompanying notes are 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 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.

Negative Operations

During the years ended June 30, 2015 and 2014, IDEA had a negative change in net assets of $470,930 and $1,571,048, respectively, due to declines in student enrollment which resulted in less funding. In 2015, enrollment increased 9% over the prior year, while management worked to contain costs. Management is continuously seeking to increase enrollment, which would in return increase funding. In particular, enrollment has increased 29% in school year 2016. Management also plans to reduce its costs where opportunities exist and pursue additional revenue streams, such as board contributions and other fundraising efforts. As a result of these efforts, management forecasts positive net assets in FY16 and subsequent years.

IDEA is also working to restructure its long-term debt. In March 2015, the School entered into an agreement with a third party in order to refinance the existing debt prior to the revised maturity date of July 1, 2017, when the discounted principal amount of $7,000,000 matures (See Note 5 for more details). The new agreement agrees not to call the debt prior to July 1, 2017. Although no assurances can be given, management expects that its proposed plans and actions will enable IDEA to satisfy its obligations as they become due and continue as a financially viable organization.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 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.

Accounts Receivable

Accounts receivables represent 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, 2015 and 2014.

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 $0 of donated equipment during the year ended June 30, 2015. Depreciation expense is recorded using the straight-line method over the estimated useful lives of the assets.

Deferred Financing Costs

Deferred financing costs consist of $73,737, related to a loan initially entered into in August 2009. The deferred financing costs will be amortized over the life of the debt using the effective interest method, which approximates straight-line, upon completion of the building. The building was completed in August 2012 and amortization costs of $27,273 and $24,242, were recorded for the years ended June 30, 2015 and 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2015 and 2014.

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.

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, 2015 and 2014, were $2,193 and $90,531, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2015, 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, 2015. For the year ended June 30, 2015, the statute of limitations for tax years 2012 through 2015 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.

Subsequent Event Review

IDEA's management has evaluated subsequent events and transactions through December 11, 2015, 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 and 2014, represented unspent proceeds on the construction loan and is restricted for construction costs of the health and wellness center.

4. PROPERTY AND EQUIPMENT

As of June 30, 2015 and 2014, property and equipment consisted of the following:

	2015	2014	Useful Lives
Land	**$ 150,000**	$ 150,000	N/A
Building	**9,567,915**	9,567,915	40-50 years
Building improvements	**3,322,787**	3,282,509	5-7 years
Furniture and equipment	**2,484,365**	2,442,134	3-7 years
Total	**15,525,067**	15,442,558	
Less: accumulated depreciation	**4,500,444**	4,201,983	
Property and Equipment, Net	**$ 11,024,623**	$ 11,240,575	

Depreciation expense was $298,461 and $339,435, for the years ended June 30, 2015 and 2014, respectively.

5. LOAN PAYABLE AND LINE OF CREDIT

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 and $497,262, for the years ended June 30, 2015 and 2014, respectively. The balance outstanding on the loan payable was $8,098,049, as of June 30, 2014. The loan was set to mature 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 and 2014, was 4.25%. Interest expense for the years then ended was $21,596 and $12,651, respectively. The balance outstanding on the line of credit as of June 30, 2014, was $500,000.

In March 2015, the loan and the line of credit were sold to Charter Schools Facility Holding Company, LLC (the Purchaser). No interest or principal is due on the loan until the maturity date, which is July 1, 2017. At that time, a discounted balloon payment in the amount of $7,000,000 is due to the Purchaser. If IDEA fails 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 immediately become due, and the Purchaser will have the right to call the debt. In accordance with generally accepted accounting principles, management has 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, until such time that there are no contingencies related to the payment terms.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2015 and 2014, were available for the following purposes:

	2015	2014
Boy Scouts Troop	$ 2,618	$ 2,250
Scholarship	1,000	500
Total	**$ 3,618**	**$ 2,750**

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 administration believes such disallowance, if any, would not be material to the financials as of June 30, 2015 and 2014.

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, 2015 and 2014, IDEA earned revenue of $5,132,415 and $4,702,881 respectively from the Government of the District of Columbia, and the Federal government, which was 98% and 98% of the total revenue and support for the years ended June 30, 2015 and 2014, respectively. These amounts are reflected as per pupil funding 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, 2015 and 2014, was approximately $35,000 and $34,000 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, 2015, with Comparable Totals for 2014

	2015				2014
	Educational Programs	General and Administrative	Fundraising	Total	Total
SALARIES, TAXES AND BENEFITS					
Salaries	2,314,177	440,796	-	2,754,973	$ 2,799,664
Employee benefits	196,222	37,376	-	233,598	282,328
Payroll taxes and fees	197,208	37,564	-	234,772	270,702
Contracted staff	207,023	39,433	-	246,456	163,192
Staff development expense	40,742	7,760	-	48,502	16,715
Total salaries, taxes and benefits	2,955,372	562,929	-	3,518,301	3,532,601
DIRECT STUDENT COSTS					
Supplies and materials	107,247	-	-	107,247	82,823
Transportation	17,041	-	-	17,041	6,446
Contracted student services	58,318	-	-	58,318	78,728
Scholarships and awards	645	-	-	645	5,775
Vocational labs	2,611	-	-	2,611	5,870
Student activities	88,761	-	-	88,761	74,714
Student recruiting	29,901	-	-	29,901	152,849
Miscellaneous student costs	18,002	-	-	18,002	13,335
Total direct student costs	322,526	-	-	322,526	420,540
OCCUPANCY EXPENSES					
Utilities	283,723	54,043	-	337,766	350,939
Contracted building services	139,561	26,583	-	166,144	193,246
Maintenance and repairs	52,583	10,016	-	62,599	47,535
Mortgage interest expense	312,048	59,438	-	371,486	497,262
Total occupancy expenses	787,915	150,080	-	937,995	1,088,982
OFFICE EXPENSES					
Office supplies and materials	43,997	8,380	-	52,377	23,091
Office equipment rental/maintenance	28,755	5,477	-	34,232	25,765
Legal, accounting, and payroll services	139,801	26,629	-	166,430	156,029
Telephone/telecommunications	36,810	7,011	-	43,821	39,545
Printing/copying	1,808	344	-	2,152	3,095
Postage and shipping	5,265	1,003	-	6,268	2,546
Other office expenses	858	163	-	1,021	503
Total office expenses	257,294	49,007	-	306,301	250,574
GENERAL EXPENSES					
Insurance	68,865	13,117	-	81,982	89,120
Transportation/travel	1,163	222	-	1,385	4,794
Food service	66,415	12,650	-	79,065	76,429
Membership fees	1,094	208	-	1,302	1,519
Administration fee to PCSB	43,731	8,330	-	52,061	23,708
Miscellaneous interest expense	18,141	3,455	-	21,596	12,651
Depreciation	250,707	47,754	-	298,461	339,435
Amortization expense	22,909	4,364	-	27,273	24,242
Other general expense	12,925	2,476	12,100	27,501	31,062
Total general expenses	485,950	92,576	12,100	590,626	602,960
RTTT-IIS Sub-Grantees Costs	96,060	-	-	96,060	399,922
Total Expenses	$ 4,905,117	$ 854,592	$ 12,100	$ 5,771,809	$ 6,295,579

INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Supplemental Schedule of Functional Expenses
For the Year Ended June 30, 2014

	Educational Programs	General and Administrative	Fundraising	Total
SALARIES, TAXES AND BENEFITS				
Salaries	$ 2,357,233	$ 442,431	$ -	$ 2,799,664
Employee benefits	237,712	44,616	-	282,328
Payroll taxes and fees	227,923	42,779	-	270,702
Contracted staff	137,403	25,789	-	163,192
Staff development expense	14,074	2,641	-	16,715
Total salaries, taxes and benefits	2,974,345	558,256	-	3,532,601
DIRECT STUDENT COSTS				
Supplies and materials	82,823	-	-	82,823
Transportation	6,446	-	-	6,446
Contracted student services	78,728	-	-	78,728
Scholarships and awards	5,775	-	-	5,775
Vocational labs	5,870	-	-	5,870
Student activities	74,714	-	-	74,714
Student recruiting	152,849	-	-	152,849
Miscellaneous student costs	13,335	-	-	13,335
Total direct student costs	420,540	-	-	420,540
OCCUPANCY EXPENSES				
Utilities	295,480	55,459	-	350,939
Contracted building services	162,707	30,539	-	193,246
Maintenance and repairs	40,023	7,512	-	47,535
Mortgage interest expense	418,680	78,582	-	497,262
Total occupancy expenses	916,890	172,092	-	1,088,982
OFFICE EXPENSES				
Office supplies and materials	19,442	3,649	-	23,091
Office equipment rental/maintenance	21,693	4,072	-	25,765
Legal, accounting, and payroll services	131,372	24,657	-	156,029
Telephone/telecommunications	33,296	6,249	-	39,545
Printing/copying	2,606	489	-	3,095
Postage and shipping	2,144	402	-	2,546
Other office expenses	424	79	-	503
Total office expenses	210,977	39,597	-	250,574
GENERAL EXPENSES				
Insurance	75,036	14,084	-	89,120
Transportation/travel	4,036	758	-	4,794
Food service	64,351	12,078	-	76,429
Membership fees	1,279	240	-	1,519
Administration fee to PCSB	19,961	3,747	-	23,708
Miscellaneous interest expense	10,652	1,999	-	12,651
Depreciation	285,794	53,641	-	339,435
Amortization expense	20,411	3,831	-	24,242
Other general expense	14,661	2,751	13,650	31,062
Total general expenses	496,181	93,129	13,650	602,960
RTTT-IIS Sub-Grantees Costs	399,922	-	-	399,922
Total Expenses	$ 5,418,855	$ 863,074	$ 13,650	$ 6,295,579

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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, 2015, 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 11, 2015.

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.

SB + Company, LLC

Washington, DC
December 11, 2015

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited Integrated Design & Electronics Academy Public Charter School's (IDEA or the School) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the School's major Federal programs for the year ended June 30, 2015. The School's major Federal programs are identified in the summary of independent public accountant's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the School's compliance.

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Opinion on Each Major Federal Program

In our opinion, IDEA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of IDEA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Washington, DC
December 11, 2015

SB & Company, LLC

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
National School Breakfast Program	10.553	n/a	$ 16,810
National School Lunch Program	10.555	n/a	74,356
Total U.S. Department of Agriculture			91,166
U.S. Department of Defense			
Department of Defense Subsidy	12.910	n/a	76,169
U.S. Department of Education			
Pass-through programs from District of Columbia			
Title I, School Improvement Grant	84.010	SG010A	140,515
IDEA 611 - Annual	84.027A	SG027	50,908
Title II-A, Improving Teacher Quality State Grants	84.367A	SG367A	36,044
ARRA - State Fiscal Stabilization Fund - Race to the Top	84.395A	Unknown	60,598
ARRA - State Fiscal Stabilization Fund - Race to the Top	84.395A	14STC117-01	65,662
Instructional Improvement System Grant	84.395A	n/a	116,739
Carl Perkins	84.048A	n/a	7,971
SOAR Academic Quality Grant	84.370A	Unknown	110,381
Total U.S. Department of Education			588,818
Centers for Disease Control and Prevention			
School-Based HIV-STD Prevention	84.998x	Unknown	6,500
Total Federal Awards			**$ 762,653**

The accompanying notes are an integral part of this schedule.

Notes to the Schedule of Expenditures of Federal Awards
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of the Integrated Design & Electronics Academy Public Charter School (IDEA) are included in the scope of the U.S. Office of Management and Budget (OMB) Circular A-133 audit (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Circular A-133 Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major grant programs noted below. The programs on the schedule of expenditures of Federal awards represent all Federal award programs and other grants with fiscal year 2015 cash or non-cash expenditure activities. For our single audit testing, we tested the below Federal award programs to ensure coverage of at least 25% of Federally granted funds. Our actual coverage was 46.3%.

Major Program	**CFDA No.**	**Federal Expenditures**
ARRA - State Fiscal Stabilization Fund - Race to the Top	84.395A	**$ 60,598**
ARRA - State Fiscal Stabilization Fund - Race to the Top	84.395A	**65,662**
Race to the Top- Instructional Improvement System Grant	84.395A	**116,739**
Scholarship for Opportunity and Results Act	84.370A	**110,381**
Total		**$ 353,380**

2. BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal awards has been accounted for on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Notes to the Schedule of Expenditures of Federal Awards
June 30, 2015

3. SUBRECIPIENTS

Of the Federal expenditures presented in the schedule of expenditures of Federal awards for the ARRA - State Fiscal Stabilization Fund (SFSF) – Race to the Top Instructional Improvement System Grant, approximately $96,000, was granted to subrecipients as follows:

Program Title	Federal CFDA Number	Subrecipient	Subrecipient Awards
U.S. Department of Education			
Pass-through programs from District of Columbia			
ARRA - State Fiscal Stabilization Fund - Race to the			
Instructional Improvement System Grant	84.395A	Friendship Public Charter School	$ 82,198
	84.395A	Community Academy Public Charter	3,745
	84.395A	Meridian Public Charter School	10,117
Total Federal Awards to Subrecipients			**$ 96,060**

INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I – Summary of Independent Public Accountant's Results

Financial Statements

Type of report of independent public accountants issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? None noted

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? None noted

Type of report of independent public accountants issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Major Program	**CFDA No.**	**Federal Expenditures**
ARRA - State Fiscal Stabilization Fund - Race to the Top	84.395A	**$ 60,598**
ARRA - State Fiscal Stabilization Fund - Race to the Top	84.395A	**65,662**
Race to the Top- Instructional Improvement System Grant	84.395A	**116,739**
Scholarship for Opportunity and Results Act	84.370A	**110,381**
Total		**$ 353,380**

Threshold used to distinguish between type A and type B programs $ 300,000

Auditee qualified as low-risk auditee? Yes

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings

None noted.

INTEGRATED DESIGN & ELECTRONICS ACADEMY PUBLIC CHARTER SCHOOL

Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2015

There were no audit findings reported in accordance with OMB Circular A-133 for the year ended June 30, 2014.