

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2019 AND 2018**

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## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Integrated Design & Electronics Academy Public Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses 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 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 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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 Integrated Design & Electronics Academy Public Charter School as of June 30, 2019 and 2018, 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**

### ***Other information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedules on pages 20 - 21, as required by D.C. Public Charter School Board ("DCPCSB"), is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019, on our consideration of Integrated Design & Electronics Academy Public Charter School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Integrated Design & Electronics Academy Public Charter School's internal control over financial reporting and compliance.

*Jane Maruca & McQuade PA*

Washington, DC  
November 25, 2019

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2019 AND 2018**

	2019	2018
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,382,338	\$ 1,298,153
Grants receivable	435,565	176,043
Accounts receivable	21,927	23,814
Prepaid expenses	29,797	19,365
Deposits	-	2,630
Total Current Assets	1,869,627	1,520,005
<b>PROPERTY AND EQUIPMENT, NET</b>	12,853,124	13,030,047
<b>TOTAL ASSETS</b>	\$ 14,722,751	\$ 14,550,052
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 294,922	\$ 241,963
Accrued payroll liabilities	236,608	308,057
Accrued interest	26,053	26,835
Deposits payable	20,100	20,100
Capital lease liability, current portion	8,407	4,904
Loan payable, current portion	224,536	218,068
Total Current Liabilities	810,626	819,927
<b>LONG TERM LIABILITIES</b>		
Capital lease liability, non-current portion	15,396	9,777
Loan payable, non-current portion	6,930,116	7,144,116
Total Long Term Liabilities	6,945,512	7,153,893
Total Liabilities	7,756,138	7,973,820
<b>NET ASSETS</b>		
Without donor restrictions	6,941,051	6,566,834
With donor restrictions	25,562	9,398
Total Net Assets	6,966,613	6,576,232
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 14,722,751	\$ 14,550,052

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

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Per pupil appropriations	\$ 6,694,282	\$ -	\$ 6,694,282
Per pupil facility allowance	1,063,738	-	1,063,738
Federal entitlements and other grants	744,509	-	744,509
Contributions	43,241	20,291	63,532
Donated furnitures	50,279	-	50,279
Activity fees	35,512	-	35,512
Interest income	25,547	-	25,547
Other income	293,883	-	293,883
Net assets released from restrictions	4,127	(4,127)	-
<b>Total Revenue and Support</b>	<b>8,955,118</b>	<b>16,164</b>	<b>8,971,282</b>
<b>EXPENSES</b>			
Program: Educational	6,828,338	-	6,828,338
General and administrative	1,741,866	-	1,741,866
Fundraising	10,697	-	10,697
<b>Total Expenses</b>	<b>8,580,901</b>	<b>-</b>	<b>8,580,901</b>
<b>CHANGE IN NET ASSETS</b>	<b>374,217</b>	<b>16,164</b>	<b>390,381</b>
<b>NET ASSETS, beginning of year</b>	<b>6,566,834</b>	<b>9,398</b>	<b>6,576,232</b>
<b>NET ASSETS, end of year</b>	<b>\$ 6,941,051</b>	<b>\$ 25,562</b>	<b>\$ 6,966,613</b>

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

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	TOTAL
<b>REVENUE AND SUPPORT</b>			
Per pupil appropriations	\$ 5,866,089	\$ -	\$ 5,866,089
Per pupil facility allowance	970,589	-	970,589
Federal entitlements and other grants	1,032,054	-	1,032,054
Contributions	44,952	15,035	59,987
Activity fees	19,956	-	19,956
Interest income	7,428	-	7,428
Rental and other income	236,982	-	236,982
Net assets released from restrictions	21,150	(21,150)	-
<b>Total Revenue and Support</b>	<b>8,199,200</b>	<b>(6,115)</b>	<b>8,193,085</b>
<b>EXPENSES</b>			
Program: Educational	5,988,123	-	5,988,123
General and administrative	1,123,104	-	1,123,104
Fundraising	228	-	228
<b>Total Expenses</b>	<b>7,111,455</b>	<b>-</b>	<b>7,111,455</b>
<b>CHANGE IN NET ASSETS</b>	<b>1,087,745</b>	<b>(6,115)</b>	<b>1,081,630</b>
<b>NET ASSETS, beginning of year</b>	<b>5,479,089</b>	<b>15,513</b>	<b>5,494,602</b>
<b>NET ASSETS, end of year</b>	<b>\$ 6,566,834</b>	<b>\$ 9,398</b>	<b>\$ 6,576,232</b>

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

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2019**

	Program Educational	General and Administrative	Fundraising	Total
<b>Personnel Expenses</b>				
Salaries	\$ 3,755,567	\$ 878,129	\$ 8,350	\$ 4,642,046
Employee benefits	305,757	72,807	692	379,256
Payroll taxes	340,741	79,672	758	421,171
Professional development	222,046	51,815	-	273,861
Recruitment	17,558	4,097	-	21,655
Total Personnel Expenses	<u>4,641,669</u>	<u>1,086,520</u>	<u>9,800</u>	<u>5,737,989</u>
<b>Direct Student Costs</b>				
Supplies and material	98,657	-	-	98,657
Contracted instruction fees	276,043	-	-	276,043
Food service	90,185	-	-	90,185
Textbooks	2,797	-	-	2,797
Student assessment fees	72,098	-	-	72,098
Other	277,506	-	-	277,506
Total Direct Student Costs	<u>817,286</u>	<u>-</u>	<u>-</u>	<u>817,286</u>
<b>Occupancy Expense</b>				
Maintenance and repairs	47,319	11,066	105	58,490
Contracted building services	355,640	92,617	792	449,049
Total Occupancy Expense	<u>402,959</u>	<u>103,683</u>	<u>897</u>	<u>507,539</u>
<b>Office Expense</b>				
Telephone	15,450	3,605	-	19,055
Supplies	38,676	9,669	-	48,345
Equipment rental	8,200	2,050	-	10,250
Printing	1,549	362	-	1,911
Postage and delivery	10,926	2,550	-	13,476
Total Office Expense	<u>74,801</u>	<u>18,236</u>	<u>-</u>	<u>93,037</u>
<b>General Expense</b>				
Depreciation and amortization	369,939	86,325	-	456,264
Authorizer fees	-	73,282	-	73,282
Office supplies	34,754	10,598	-	45,352
Insurance	-	47,320	-	47,320
Professional fees	441,236	102,962	-	544,198
Interest	45,694	208,160	-	253,854
Bad debt	-	4,780	-	4,780
Total General Expense	<u>891,623</u>	<u>533,427</u>	<u>-</u>	<u>1,425,050</u>
<b>Total Expenses</b>	<u><u>\$ 6,828,338</u></u>	<u><u>\$ 1,741,866</u></u>	<u><u>\$ 10,697</u></u>	<u><u>\$ 8,580,901</u></u>

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

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2018**

	<u>Educational</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
<b>Personnel Expenses</b>				
Salaries	\$ 3,273,904	\$ 212,484	\$ -	\$ 3,486,388
Employee benefits	203,034	135,356	-	338,390
Payroll taxes	256,093	64,023	-	320,116
Professional development	139,998	-	-	139,998
Recruitment	9,900	-	-	9,900
Total Personnel Expenses	<u>3,882,929</u>	<u>411,863</u>	<u>-</u>	<u>4,294,792</u>
<b>Direct Student Costs</b>				
Supplies and material	60,760	-	-	60,760
Contracted instruction fees	282,680	-	-	282,680
Food service	93,080	-	-	93,080
Textbooks	875	-	-	875
Student assessment fees	111,900	-	-	111,900
Other	245,237	-	-	245,237
Total Direct Student Costs	<u>794,532</u>	<u>-</u>	<u>-</u>	<u>794,532</u>
<b>Occupancy Expense</b>				
Maintenance and repairs	85,160	21,290	-	106,450
Contracted building services	345,252	86,313	-	431,565
Total Occupancy Expense	<u>430,412</u>	<u>107,603</u>	<u>-</u>	<u>538,015</u>
<b>Office Expense</b>				
Telephone	20,088	5,022	-	25,110
Supplies	61,439	15,360	-	76,799
Equipment rental	3,455	864	-	4,319
Postage and delivery	11,936	2,984	-	14,920
Total Office Expense	<u>96,918</u>	<u>24,230</u>	<u>-</u>	<u>121,148</u>
<b>General Expense</b>				
Depreciation and amortization	358,698	89,675	-	448,373
Authorizer fees	-	74,012	-	74,012
Office supplies	40,094	10,023	-	50,117
Insurance	46,016	11,504	-	57,520
Professional fees	290,078	181,613	-	471,691
Interest	48,446	212,247	-	260,693
Auction items and fees	-	-	228	228
Bad debt	-	334	-	334
Total General Expense	<u>783,332</u>	<u>579,408</u>	<u>228</u>	<u>1,362,968</u>
<b>Total Expenses</b>	<u>\$ 5,988,123</u>	<u>\$ 1,123,104</u>	<u>\$ 228</u>	<u>\$ 7,111,455</u>

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

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 390,381	\$ 1,081,630
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	456,264	448,373
Amortization of debt issuance costs	14,138	13,983
Loss on disposal of property and equipment	-	334
(Increase) decrease in assets:		
Grants receivable	(259,522)	342,328
Accounts receivable	1,887	(23,814)
Prepaid expenses	(10,432)	(17,617)
Deposit	2,630	815
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	52,959	(345,111)
Accrued payroll liabilities	(71,449)	(147,854)
Accrued interest	(782)	9,627
Deferred revenue	-	(19,133)
Deposits payable	-	16,600
Net Cash Provided by Operating Activities	576,074	1,360,161
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(263,871)	(1,924,019)
Net Cash Used for Investing Activities	(263,871)	(1,924,019)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Restricted cash	-	332,500
Payments on capital leases	(6,348)	(6,973)
Borrowing on loan	-	749,900
Principle payments of loan	(221,670)	(106,382)
Net Cash (Used for) Provided by Financing Activities	(228,018)	969,045
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	84,185	405,187
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	1,298,153	892,966
<b>CASH AND CASH EQUIVALENTS, end of year</b>	\$ 1,382,338	\$ 1,298,153
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest	\$ 240,499	\$ 237,083
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Equipment acquired under capital lease	\$ 15,470	\$ -

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

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

**NOTE A - ORGANIZATION AND NATURE OF BUSINESS**

Integrated Design & Electronics Academy Public Charter School (the “School”) was incorporated as a non-stock and not-for-profit organization in 1998 under the laws of the District of Columbia. The School serves students in grade 9-12, based on the JROTC Career Academy model that is career focused and integrates academic and occupational curriculums, increase student career options, and provides a meaningful learning context for both potential dropouts and college-bound youth.

On July 1, 1998, the School entered into a 15-year Charter School Agreement with the District of Columbia Public Charter School Board 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 DC Board of Education for violation 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.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The School’s financial statements have been prepared on the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Adoption of New Accounting Pronouncement

For the year ended June 30, 2019, the School adopted the Financial Accounting Standards Board’s Accounting Standards Update (ASU) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. The changes required by the update have been applied retrospectively to all periods presented. A key change required by ASU 2016-14 is the change to the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018  
(continued)**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Financial Statement Presentation

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic *Not-for-Profit Entities*. In accordance with the topic, the School is required to report information regarding its financial position and activities according to two classes of net assets. Accordingly, the net assets of the School and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* – Net assets not subject to donor-imposed stipulations.

*Net Assets with Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met by either actions of the School and/or the passage of time or must be maintained by the School permanently. When a restriction expires, with donor restrictions net assets are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions as of June 30, 2019 and 2018, totaled \$25,562 and \$9,398, respectively, and were restricted for scholarships, Boys Scout and the garden club programs.

Use of Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The School considers all cash in banks and short-term investments with original maturities of less than 90 days to be cash and cash equivalents. Cash equivalents consist of money market funds.

Grants and Accounts Receivable

Grants and accounts receivable are recorded when billed or accrued and represents claims against third parties that will be settled in cash. Accounts receivable are reported net of the allowance for doubtful accounts, if any. The allowance for doubtful accounts, if any, is estimated based on historical collection trends, the age of outstanding receivable and existing economic conditions.

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018  
(continued)**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Grants and Accounts Receivable (continued)

If actual experience changes, revisions to the allowance may be necessary. Past due accounts receivables are written off when internal collection efforts have been unsuccessful in collecting the amount due. Grants receivables are due from governmental agencies. Due to the nature of funding from the federal government and the District of Columbia, management believes that all receivables will be collected. Therefore, no allowance for doubtful accounts has been recorded.

Property and Equipment

Property and equipment having a cost of greater than \$1,000 and a useful life of greater than one year are stated at cost, or if donated, at fair value. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the asset are capitalized. Leasehold improvements are capitalized at cost and amortized over the lesser of the remaining life of the lease or the life of the asset. The cost of property and equipment is depreciated over their estimated useful lives, ranging from two to seven years and for the building fifty years. The Depreciation and amortization is computed using the straight-line method.

Debt Issuance Costs

Costs incurred for the issuance of debt have been capitalized and are reported in the statement of financial position as a direct deduction from the related debt liability. Debt issuance costs are amortized as interest expense over the remaining period of the debt using the straight-line method, which approximates the effective interest method.

Revenue Recognition

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. When restrictions are met within the same year as restricted funds are contributed, they are classified as contributions without donor restrictions.

Grant revenues are received primarily from the District of Columbia government. The grants are subject to audit by the grantor agencies. Such audits could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor.

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018  
(continued)**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Revenue Recognition (continued)

No provision for possible adjustment has been made in the accompanying financial statements because, in the opinion of management, such adjustment, if any, would not have a material effect on the financial statements.

The School receives a student allocation on a per-pupil basis from the District of Columbia to cover the cost of academic expenses. Per pupil appropriated revenue is recognized during the period for which the associated education services are provided. Per pupil appropriations include \$2,164,342 and \$1,826,350 for enhancements, such as special education, at-risk students and English language learners, for the year ended June 30, 2019 and 2018, respectively.

Activity fees are recognized at the time of the activity. Activity fee revenue is earned from students, but not restricted to, field trips, camps and other school related activities.

Methods Used for Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, their expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, office, and occupancy, which are allocated on the basis of salaries and related costs determined by the estimated time expended.

**NOTE C – INCOME TAXES**

The School is a 501(c)(3) tax-exempt organization under Section 501(a) of the Internal Revenue Code. The School is, however, subject to tax on business income unrelated to its exempt purpose. The School files information returns as required.

The School believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

The School's information returns are subject to examination by the Internal Revenue Service ("IRS") for a period of three years from the date they were filed, except under certain circumstances. The Form 990 information returns for the years ending June 30, 2016 through 2018 are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018  
(continued)**

**NOTE D – AVAILABLE RESOURCES AND LIQUIDITY**

The School regularly monitors liquidity required to meet its operating needs and other commitments, while also striving to prudently invest available funds. Sources of liquidity available to the School include financial assets consisting of cash and cash equivalent and current receivables.

In addition to financial assets available to meet general expenditures over the next 12 months, the School anticipates collecting sufficient revenue to cover general expenditures. The following reflects the School’s financial assets as of June 30:

	2019	2018
Cash and Cash Equivalents	\$ 1,382,338	\$ 1,298,153
Current Receivables	457,492	199,857
Total Financial Assets	1,839,830	1,498,010
Less: net assets with donor restrictions	(25,562)	(9,398)
Total Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 1,814,268	\$ 1,488,612

**NOTE E - PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at June 30:

	2019	2018
Computers and materials	\$ 296,419	\$ 867,153
Classroom furniture	215,198	772,144
Buildings and building improvements	15,868,603	15,789,522
Construction in progress	4,698	-
Land	150,000	150,000
Leased equipment	37,124	21,654
	16,572,042	17,600,473
Less: accumulated depreciation and amortization	(3,718,918)	(4,570,426)
Property and Equipment, Net	\$ 12,853,124	\$ 13,030,047

Depreciation and amortization expense for the years ended June 30, 2019 and 2018 totaled \$456,264 and \$448,373, respectively.

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018  
(continued)**

**NOTE E - PROPERTY AND EQUIPMENT - continued**

The School has multiple equipment leases that are classified as capital leases and included in property and equipment. The accumulated amortization as of June 30, 2019 and 2018 totaled \$12,683 and \$7,578 and amortization expense totaled \$5,105 and \$4,665, respectively.

**NOTE F – CAPITAL LEASE**

The School leases certain equipment. The equipment leases were signed in fiscal years 2017 and 2019 and expire in fiscal years 2022 and 2024. The following are the future minimum lease payments for the equipment lease for the years ending June 30:

2020	\$	8,407
2021		8,407
2022		4,729
2023		3,503
2024		876
		25,922
Less: Interest payments		(2,119)
Total Future Minimum Lease Payment	\$	23,803

**NOTE G - LOAN PAYABLE**

In June 2016, the District of Columbia issued \$7,000,000, of tax-exempt revenue Series 2016 bonds purchased by Eagle Bank (the “Bank”) secured by the land, building, and improvements of the property at 1027 45<sup>th</sup> Street NE, Washington, DC, the proceeds of which were loaned to the School. The loan has a floating interest rate fixed every five years equal to the lessor of five-year LIBOR plus 3.4 percent times one less the Bank’s tax rate 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 were due until December 2017. Since January 2018, monthly principal and interest payments of approximately \$33,164 are due on the loan until the loan matures on June 1, 2046.

The loan has certain financial covenants that require annual financial statement to be submitted within 150 days after year end, quarterly interim financial statements to be provide within 45 days of each 3-month time period and maintenance of a minimum debt service coverage ratio of 1.25 to 1. As of June 30, 2019 and 2018, the balance on this loan totaled \$6,735,851 and \$6,904,822, respectively.

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018  
(continued)**

**NOTE G - LOAN PAYABLE** – continued

In July 2017, the School entered into an agreement to participate in the Energy Efficiency Loan Program for the procurement and installation of certain energy saving equipment under the District of Columbia’s Energy efficiency Loan Program. Under this agreement the Bank, in its capacity as the Capital Provider, loaned the School \$787,500 that would be repaid through a voluntary special assessment on the School’s property located at 1027 45<sup>th</sup> Street, NE, Washington, DC. The annual special assessment would be \$64,994 paid in two installments of \$32,497 semi-annually initially and would be subject to further adjustment. As of June 30, 2019 and 2018, the balance on this loan totaled \$723,197 and \$775,896, respectively.

For the year ended June 30, 2019 and 2018, the School incurred deferred financing costs of \$0 and \$37,600, respectively, associated with the above loan agreement. These and prior deferred financing costs are being amortized over the remaining life of the debt using the effective interest method, which approximated straight-line.

Long-term debt as of June 30, consisted of the following:

	2019	2018
Eagle bank loan due June 2046	\$ 6,735,851	\$ 6,904,822
PACE loan program	723,197	775,896
Total	7,459,048	7,680,718
Less: current portion	(224,536)	(218,068)
Less: debt issuance costs, net of accumulated amortization	(304,396)	(318,534)
	\$ 6,930,116	\$ 7,144,116

Interest of \$253,854 and \$260,693 included amortization of debt issuance costs of \$14,137 and \$13,983 and was expensed for the years ended June 30, 2019 and 2018, respectively.

Aggregate annual maturities of the debt are as follows for the years ended June 30:

2020	\$ 224,536
2021	232,519
2022	240,126
2023	247,993
2024	255,570
Thereafter	6,258,304
	\$ 7,459,048

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018  
(continued)**

**NOTE G - LOAN PAYABLE** – continued

Debt issuance costs and accumulated amortization are as follows at June 30:

	2019	2018
Debt issuance costs	\$ 347,836	\$ 347,836
Less: accumulated amortization	(43,440)	(29,302)
Debt Issuance Costs, Net	\$ 304,396	\$ 318,534

**NOTE H – PENSION PLAN**

The School has a 403(b) defined contributions retirement plan (the “Plan”). All eligible employees who are at least 21 years of age and meet 1,000 hours of service per year are eligible to participate in the Plan after the completion of one year of service. Employees may make elective deferral from their eligible earnings, up to the amount allowed by the Internal Revenue Service. The School contributes 2% of employee’s annual salary for those who do not contribute to the plan and 3% of each eligible employee’s annual salary for employees who contribute to the Plan. For the years ended June 30, 2019 and 2018, pension expense totaled \$77,295 and \$44,874, respectively.

**NOTE I - COMMITMENTS AND CONTINGENT LIABILITIES**

The School receives revenues from government grants and contracts. The ultimate determination of amounts received under these programs generally is based upon allowable costs, which are subject to audit, and are reported to the government. The School is of the opinion that adjustments, if any, arising from such audits will not have a material effect on the financial statements.

**NOTE J - CONCENTRATIONS OF RISK**

The School places its cash with financial institutions which at times, may exceed the Federal Deposit Insurance Corporation’s insurance limit of \$250,000. The School believes it is not exposed to any significant credit risk on cash or cash equivalents.

The School is supported primarily through local and federal appropriations and grants. For the years ended June 30, 2019 and 2018, 95% and 96%, respectively, of total revenue was provided from one local government agency. Reduction of this source of support would have a significant impact on the School’s programs and activities.

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
PUBLIC CHARTER SCHOOL  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018  
(continued)**

**NOTE K - SUBSEQUENT EVENTS**

In preparing these consolidated financial statements, the School's management has evaluated events and transactions through November 25, 2019 the date the School's financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required additional disclosure or recognition.



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

Board of Trustees  
Integrated Design & Electronics Academy  
Public Charter School  
Washington, DC

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Integrated Design & Electronics Academy Public Charter School (the "School"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2019.

**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 over financial reporting 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Trustees  
Integrated Design & Electronics Academy  
Public Charter School

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Jane Maruca & McQuade PA*

Washington, DC  
November 25, 2019

**SUPPLEMENTAL SCHEDULES REQUIRED BY DCPCSB**

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
SUPPLEMENTAL SCHEDULE OF VENDORS PAID OVER \$25,000  
YEAR ENDED JUNE 30, 2019**

<u>Vendor Name</u>	<u>Services Provided</u>	<u>Amount Paid</u>
Amazon	School/office supplies	\$ 29,475
Berkshire Hathaway Homestate	Workers compensation insurance	32,733
Blackout Investigations and Security Services, Inc	Security services	108,161
D.C. Public Charter School Board	Authorizer fee	73,282
DC Water and Sewer Authority	Utilities	47,332
Deadwyler Transportation LLC	Transportation service	93,369
Eagle Bank	Loan service	203,897
EdOps	Financial service	226,308
Enriched Schools	Contracted staff	30,623
Father Flanagan's Boys' Home	Consulting service	26,183
Group Benefit Services, Inc.	Pension plan service	395,241
MIC Wright Specialty	Business insurance	30,409
MillerCox Design	Student recruiting	25,328
Office of Tax and Revenue	Real property tax	41,379
Paradigm Therapy Partners, LLC	Contracted staff	68,276
PEPCO	Utilities	211,061
Performance Food Service	Food service	59,034
Psychological Assessment Solutions, LLC	Contracted staff	28,975
Rosso Writing	Consulting service	29,700
Ruppert Landscape	Landscape management	25,653
SchoolKit LLC	Coaching and collaborative planning	83,613
Staples Advantage	School/office supplies	109,155
T.A.G. Inc	Special education services	26,638
The 125 Company	Employee benefits services	26,039
The Marcus Firm, PLLC	Legal services	52,612
Transcend	Special education services	26,383
Urban Teacher Center	Contracted staff	50,000

Note: The above schedule includes all vendors/contractors paid equal to or greater than \$25,000 for which either a formal contract was executed or no formal contract was entered into, executed or negotiated.

**INTEGRATED DESIGN & ELECTRONICS ACADEMY  
SUPPLEMENTAL SCHEDULE OF VENDOR CONTRACTS AWARDED OVER \$25,000  
YEAR ENDED JUNE 30, 2019**

<u>Vendor Name</u>	<u>Services Provided</u>	<u>Approximate</u>
NONE		

Note: The above schedule includes only those contracts entered into by the School as of June 30, 2019 for services that will be equal to or more than \$25,000 over the term of the contract, services have not begun, nor had anything been paid as of June 30, 2019.