

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL**

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2025 AND 2024

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Independent Auditor's Report

To the Board of Directors
Inspired Teaching Demonstration Public Charter School
Washington, DC

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Inspired Teaching Demonstration Public Charter School (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Inspired Teaching Demonstration Public Charter School as of June 30, 2025 and 2024, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Inspired Teaching Demonstration Public Charter School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Inspired Teaching Demonstration Public Charter School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Inspired Teaching Demonstration Public Charter School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Inspired Teaching Demonstration Public Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Reports on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying Schedule of Occupancy Expenses and Non-Facility Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

The Supplementary Schedules of Vendors Awarded Contracts Equal to or Above \$25,000, and Income Not Subject to DCPCSB Administrative Fee are presented for purposes of additional analysis and are 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 December 9, 2025, on our consideration of Inspired Teaching Demonstration 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 solely 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 effectiveness of Inspired Teaching Demonstration Public Charter School's 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 Inspired Teaching Demonstration Public Charter School's internal control over financial reporting and compliance.



Washington, DC
December 9, 2025

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	2025	2024
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,601,662	\$ 10,767,113
Federal grants receivable	42,591	67,114
State and local grants receivable	96,090	70,204
Accounts receivable	7,535	339
Prepaid expenses	168,799	122,239
Total Current Assets	8,916,677	11,027,009
NON-CURRENT ASSETS		
Property and equipment, net	12,350,457	8,979,856
Restricted cash and cash equivalents	1,096,369	1,092,612
Deposits	11,890	8,190
Finance leases, right-of-use asset, net	99,004	12,575
Total Non-Current Assets	13,557,720	10,093,233
TOTAL ASSETS	\$ 22,474,397	\$ 21,120,242
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 878,013	\$ 610,089
Accrued expenses	958,967	530,100
Accrued interest	253,875	270,518
Bonds payable, current portion	170,000	160,000
Notes payable, current portion	1,603,549	62,555
Finance leases liability, current portion	20,387	14,109
Deferred revenue	65,982	60,472
Total Current Liabilities	3,950,773	1,707,843
NON-CURRENT LIABILITIES		
Bonds payable, net of current portion	9,466,411	9,608,170
Note payable, net of current portion	-	1,613,382
Finance leases liability, net of current portion	79,857	-
Total Non-Current Liabilities	9,546,268	11,221,552
TOTAL LIABILITIES	13,497,041	12,929,395
NET ASSETS		
Without donor restrictions	8,977,356	8,190,847
TOTAL LIABILITIES AND NET ASSETS	\$ 22,474,397	\$ 21,120,242

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

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS		
General education, DC funding allocations	\$ 8,432,046	\$ 7,589,858
Categorical enhancements, DC funding allocations	3,462,569	3,244,941
Facilities allowance, DC funding allocations	1,945,414	1,883,440
Federal entitlements and other federal funds	863,690	509,431
State and local government contributions and grants	10,817	821,991
Federal E-rate program	3,269	3,269
Donated federal commodities	16,329	11,490
Private contributions, donations, and grants	109,750	159,151
Student activities	89,977	98,275
Interest and other income	551,192	627,397
Total Revenue and Support Without Donor Restrictions	15,485,053	14,949,243
EXPENSES		
Program Services:		
Educational services	12,811,619	12,684,722
Support Services:		
Management and general	1,706,335	1,662,132
Fundraising	180,590	175,060
Total Support Services	1,886,925	1,837,192
Total Expenses	14,698,544	14,521,914
CHANGE IN NET ASSETS	786,509	427,329
NET ASSETS, beginning of year	8,190,847	7,763,518
NET ASSETS, end of year	\$ 8,977,356	\$ 8,190,847

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

**INSPIRED TEACHING DEMONSTRATION PUBLIC CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025**

	Program Services	Support Services			Total
	Educational Services	Management and General	Fundraising	Total Support Services	
PERSONNEL, SALARIES AND BENEFITS					
Salaries	\$ 7,330,474	\$ 965,284	\$ 130,147	\$ 1,095,431	\$ 8,425,905
Employee benefits	899,958	118,507	15,978	134,485	1,034,443
Payroll taxes	598,732	78,842	10,629	89,471	688,203
Professional development	77,904	10,258	1,384	11,642	89,546
Contracted instructional fees	812,153	-	-	-	812,153
Other staff-related expenses	41,260	5,433	733	6,166	47,426
Total Personnel, Salaries and Benefits	9,760,481	1,178,324	158,871	1,337,195	11,097,676
DIRECT STUDENT COSTS					
Supplies, materials, snacks	180,593	-	-	-	180,593
Textbooks and uniforms	55,077	-	-	-	55,077
Student food service program	228,298	-	-	-	228,298
Donated federal commodities	16,329	-	-	-	16,329
Transportation	80,926	-	-	-	80,926
Other student costs	28,733	-	-	-	28,733
Total Direct Student Costs	589,956	-	-	-	589,956
OCCUPANCY EXPENSES					
Insurance - facility	16,755	2,206	298	2,504	19,259
Depreciation and amortization - facility	818,037	43,049	-	43,049	861,086
Interest and loan amortization - facility	515,664	27,140	-	27,140	542,804
Utilities	78,081	4,110	-	4,110	82,191
Contracted building services	466,266	24,540	-	24,540	490,806
Repairs and maintenance	92,426	4,864	-	4,864	97,290
Total Occupancy Expenses	1,987,229	105,909	298	106,207	2,093,436
OFFICE EXPENSES					
Office supplies	49,541	6,223	809	7,032	56,573
Equipment rental	773	102	14	116	889
Amortization - copier lease	23,469	3,090	417	3,507	26,976
Telecommunication	19,792	2,606	351	2,957	22,749
Computer support	77,847	10,251	1,382	11,633	89,480
Postage and shipping	757	100	14	114	871
Total Office Expenses	172,179	22,372	2,987	25,359	197,538
GENERAL EXPENSES					
Insurance - non-facility	44,797	5,899	796	6,695	51,492
Accounting fees	-	190,406	-	190,406	190,406
Administrative fees	-	140,843	-	140,843	140,843
Depreciation and amortization - non-facility	72,700	3,827	-	3,827	76,527
Interest - non-facility	2,800	148	-	148	2,948
Legal fees	-	34,710	-	34,710	34,710
Professional fees	156,979	20,671	2,787	23,458	180,437
Fees and licenses	24,498	3,226	435	3,661	28,159
Facilities and related event costs	-	-	14,416	14,416	14,416
Total General Expenses	301,774	399,730	18,434	418,164	719,938
TOTAL EXPENSES	\$ 12,811,619	\$ 1,706,335	\$ 180,590	\$ 1,886,925	\$ 14,698,544

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

INSPIRED TEACHING DEMONSTRATION PUBLIC CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services		Support Services		Total
	Educational Services	Management and General	Fundraising	Total Support Services	
PERSONNEL, SALARIES AND BENEFITS					
Salaries	\$ 7,193,392	\$ 870,627	\$ 117,580	\$ 988,207	\$ 8,181,599
Employee benefits	724,061	87,634	11,836	99,470	823,531
Payroll taxes	555,552	67,239	9,081	76,320	631,872
Professional development	108,598	-	-	-	108,598
Contracted instructional fees	927,268	-	-	-	927,268
Other staff-related expenses	56,915	6,889	931	7,820	64,735
Total Personnel, Salaries and Benefits	9,565,786	1,032,389	139,428	1,171,817	10,737,603
DIRECT STUDENT COSTS					
Supplies, materials, snacks	157,438	-	-	-	157,438
Textbooks and uniforms	227,874	-	-	-	227,874
Student food service program	216,221	-	-	-	216,221
Donated federal commodities	11,490	-	-	-	11,490
Transportation	75,190	-	-	-	75,190
Other student costs	20,399	-	-	-	20,399
Total Direct Student Costs	708,612	-	-	-	708,612
OCCUPANCY EXPENSES					
Insurance - facility	16,416	1,987	268	2,255	18,671
Depreciation and amortization - facility	741,357	89,728	12,118	101,846	843,203
Interest and loan amortization - facility	484,384	58,626	7,916	66,542	550,926
Utilities	105,330	5,544	-	5,544	110,874
Contracted building services	455,348	23,966	-	23,966	479,314
Repairs and maintenance	109,720	5,775	-	5,775	115,495
Total Occupancy Expenses	1,912,555	185,626	20,302	205,928	2,118,483
OFFICE EXPENSES					
Office supplies	55,247	6,427	841	7,268	62,515
COVID-19 protective supplies	1,820	220	30	250	2,070
Equipment rental	8,485	1,027	138	1,165	9,650
Amortization - copier lease	25,504	3,087	417	3,504	29,008
Telecommunication	16,499	1,997	270	2,267	18,766
Computer support	102,608	12,419	1,676	14,095	116,703
Postage and shipping	860	104	9	113	973
Total Office Expenses	211,023	25,281	3,381	28,662	239,685
GENERAL EXPENSES					
Insurance - non-facility	35,093	4,247	574	4,821	39,914
Accounting fees	-	181,395	-	181,395	181,395
Administrative fees	-	134,132	-	134,132	134,132
Depreciation and amortization - non-facility	80,904	9,792	1,322	11,114	92,018
Interest - non-facility	1,405	170	23	193	1,598
Legal fees	-	26,146	-	26,146	26,146
Professional fees	158,111	19,136	2,585	21,721	179,832
Fees and licenses	11,233	43,818	-	43,818	55,051
Facilities and related event costs	-	-	7,445	7,445	7,445
Total General Expenses	286,746	418,836	11,949	430,785	717,531
TOTAL EXPENSES	\$ 12,684,722	\$ 1,662,132	\$ 175,060	\$ 1,837,192	\$ 14,521,914

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

INSPIRED TEACHING DEMONSTRATION PUBLIC CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 786,509	\$ 427,329
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization - facility	861,086	843,203
Depreciation and amortization - non-facility	76,527	92,018
Amortization of financing fees - facility	18,408	18,408
Amortization of finance leases, right-of-use asset	26,976	29,008
(Increase) decrease in assets:		
Federal grants receivable	24,523	248,979
State and local grants receivable	(25,886)	(65,932)
Accounts receivable	(7,196)	3,029
Prepaid expenses	(46,560)	(11,226)
Deposits	(3,700)	-
Increase (decrease) in liabilities:		
Accounts payable	(111,068)	(56,331)
Accrued salaries and expenses	87,385	72,026
Accrued interest	(16,643)	4,893
Deferred revenue	5,510	47,348
Net Cash Provided by (Used for) Operating Activities	1,675,871	1,652,752
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(3,587,740)	(429,806)
Net Cash Provided by (Used for) Investing Activities	(3,587,740)	(429,806)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on bonds payable	(160,000)	(150,000)
Principal payments on notes payable	(62,555)	(61,933)
Principal payments on finance lease liability	(27,270)	(32,690)
Net Cash Provided by (Used for) Financing Activities	(249,825)	(244,623)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS	(2,161,694)	978,323
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	11,859,725	10,881,402
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, end of year	\$ 9,698,031	\$ 11,859,725
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 543,987	\$ 529,223
Cash and cash equivalents	\$ 8,601,662	\$ 10,767,113
Restricted cash and cash equivalents	1,096,369	1,092,612
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents	\$ 9,698,031	\$ 11,859,725
NON-CASH FINANCING ACTIVITIES		
Right-of-use assets acquired under finance leases	\$ 113,405	\$ -
Lease liabilities acquired under finance leases	\$ (113,405)	\$ -
NON-CASH INVESTING ACTIVITIES		
Acquisitions of property and equipment	\$ 4,308,214	\$ 541,400
Less: Property acquisitions included in accounts payable	(378,992)	(111,594)
Less: Property acquisitions included in accrued expenses	(341,482)	-
Net cash paid for property acquisitions	\$ 3,587,740	\$ 429,806

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

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE A – ORGANIZATION AND NATURE OF BUSINESS

Inspired Teaching Demonstration Public Charter School (“ITDS” or the “School”), a District of Columbia not-for-profit organization, was incorporated on January 27, 2010, exclusively for educational purposes. During June 2011, ITDS entered into a 15-year Charter School Agreement with the District of Columbia Public Charter School Board (“DCPCSB”). ITDS serves students from pre-kindergarten through eighth grade.

ITDS has a professional learning community of master teachers and teacher residents who ensure that a diverse group of students achieve their potential as accomplished learners, thoughtful citizens, and imaginative and inquisitive problem solvers through a demanding, inquiry-based curriculum. The defining characteristic of ITDS is a professional learning community focused on a progressive, constructivist approach to teaching and learning based on the research on how the brain works and how children learn. ITDS is organized to meet two related, mutually reinforcing primary goals: to provide an excellent education for students, and to provide excellent teacher preparation and professional development for new teachers and teacher leaders. ITDS is a leader in improving the way teachers are trained and students are educated in the District of Columbia and beyond. ITDS invites and receives visitors from around the globe to observe its teaching skills and techniques. Annually, ITDS welcomes dozens of visitors from the District of Columbia education community, as well as those influential in education policy nationwide.

Dominant methods of instruction include inquiry-based methods and active learning approaches, where the teacher serves as facilitator and coach to support student learning. Instruction includes an emphasis on social-emotional learning. In addition, classrooms are characterized by student-centered organizational styles such as differentiated instruction, collaborative groups, and child-initiated play. The standards-based curriculum and student goals are centered on the four I’s: intellect, inquiry, imagination, and integrity.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

ITDS’ financial statements are 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.

Financial Statement Presentation

Financial statement presentation follows FASB ASC Topic 958, *Not-For-Profit Entities*. In accordance with Topic 958, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the School and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024
(continued)**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial Statement Presentation (continued)

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the School and/or the passage of time or that must be maintained in perpetuity by the School. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. There were no net assets with donor restrictions as of June 30, 2025 and 2024.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, cash equivalents include highly liquid investments with an original maturity of three months or less and money market funds. Cash and cash equivalents are maintained in various interest-bearing demand deposit accounts. The School believes it is not exposed to any significant credit risk on cash and cash equivalents.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are held by a trustee to be used to fund a portion of debt service costs related to bonds issued by the District of Columbia. The School believes it is not exposed to any significant credit risk on restricted cash and cash equivalents. See Note F for more information on the restricted cash accounts.

Federal, State, and Local Grants Receivable and Accounts Receivable

Federal, state, and local grants receivable primarily consist of amounts due from the District of Columbia Office of the State Superintendent of Education for local, state and federal grant programs, whose ability to pay are subject to appropriations. Accounts receivable is related to program service fees and is recognized as revenue on the accrual basis of accounting at the time the program activity has occurred. Receivables are stated at the amount management expects to collect from outstanding balances. Due to the nature of funding from the federal government and the District of Columbia, management believes that all receivables will be collected within one year or less. Therefore, no allowance for doubtful accounts has been established. As of the beginning of the year ended June 30, 2024, federal, state, and local grants receivable totaled \$320,365; and accounts receivable totaled \$3,368.

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024
(continued)**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value on the date of the donation. The School capitalizes all expenditures for property and equipment over \$5,000. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gains or losses are included in operations. Repairs and maintenance are charged to expense when incurred. Construction in progress tracks costs related to fixed asset construction; which are transferred to leasehold improvements once completed. Leasehold improvements are amortized over the lesser of the remaining lease term or the useful life of the assets.

Right-of-Use (“ROU”) Assets

The School accounts for leases in accordance with FASB ASC Topic 842. ROU assets are measured at the commencement date in the amount of the initially measured liability; plus any lease payments made to the lessor before or after the commencement date; minus any lease incentives received; and plus any initial direct costs. Unless impaired, ROU assets are subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus any unamortized initial direct costs, and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received).

The School’s copier leases are finance-type leases, calculated by discounting fixed lease payments over the lease term at a rate of five percent. Five percent is considered the incremental borrowing rate for the School. The ROU assets are amortized over the lease term.

Lease Liability

Lease liabilities are increased by interest and reduced by payments each period. Variable lease expenses, if any, are recognized when incurred. A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index or rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract); (2) certain contingencies related to variable lease payments are resolved; or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee.

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024
(continued)**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Debt Issuance Costs

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

Revenue Recognition

General Education, Categorical Enhancements, and Facilities Allowance; DC Funding Allocations, Federal Entitlements and Other Federal Funds; State and Local Government Contributions and Grants; Federal E-Rate Program Revenue

Revenues are received primarily from state and federal government agencies, including the District of Columbia Office of the State Superintendent of Education (“OSSE”), the U.S. Department of Education, and other agencies. These revenues are considered conditional grants with a measurable performance or other barrier and a right of return, and are not recognized until the conditions on which they depend have been substantially met. These grants are also subject to audit by the grantor agencies, which could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. As of the beginning of the year ended June 30, 2024, deferred revenue totaled \$13,124.

The School receives a student allocation on a per pupil basis from the District Columbia Public School System to cover the cost of academic expenses. Per pupil appropriated revenue is recognized during the period for which the associated educational services are provided. As of June 30, 2025, the School had conditional promises to give in the total amount of \$19,889, that are expected to be fulfilled by the fiscal year ending June 30, 2026.

Private Contributions, Donations, and Grants

The School recognizes contributions, donations and grants when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor’s intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support.

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024
(continued)**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue Recognition (continued)

Student Activities, Interest and Other Income

Student activity fees are revenue primarily derived from before and after-care programs, and various student activities (e.g., fieldtrips, intramural sports, special events, etc.); which are recognized when the services are provided.

Interest income is the amount earned from certain bank accounts during the year. Excess proceeds from bond financing and early payment credits received from American Express are included in interest and other income.

In-kind Contributions and Donated Federal Commodities

The School recognizes in-kind contributions that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The School received donated federal commodities, primarily food items, which are recognized as revenue at either the estimated fair value on the date the donated federal commodities were received, or at the value determined by the federal agency.

Method Used for Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or a supporting function as management and general activities. Expenses of this nature are allocated on a reasonable basis that is consistently applied. Allocated expenses include depreciation and amortization, office expenses, occupancy expenses, and any other applicable expenditures, which are allocated on the basis of salaries and related costs, determined by an estimated amount of time and effort expended.

Use of Estimates

The preparation of financial statements in conformity 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 that were assumed in preparing the financial statements.

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024
(continued)**

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Reclassifications

For the year ended June 30, 2024, amortization expense for the copier lease that was initially included as part of equipment rental expense, was moved to a separate line on the statement of functional expense. The reclassification was made in order to align more closely with the DCPCSB's 2025 audit guidelines. This reclassification had no effect on the previously reported net assets or change in net assets.

NOTE C – INCOME TAXES

The School qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the School is classified as an entity that is not a private foundation under Section 509 (a)(1). The School is, however, subject to tax on business income unrelated to its exempt purpose. The School files information returns as required.

The School has adopted the accounting of uncertainty in income taxes as required by FASB ASC Topic 740, *Income Taxes*. Topic 740 requires the School to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position.

The School has analyzed its tax positions and has concluded that no liability for unrecognized tax benefits should be recorded related to any uncertain tax positions taken on returns filed for open tax years ended June 30, 2022 through 2024. The School is not aware of any tax positions for which it believes that there is a reasonable possibility that the total amounts of unrecognized tax benefits will change materially in the next twelve months.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

The School regularly monitors liquidity required to meet its operating needs and other commitments. The School's sources of liquidity at its disposal include cash and cash equivalents, federal grants receivable, state and local grants receivable, and accounts receivable. Restricted cash and cash equivalents are not available for operations as these are reserved for debt service obligations as required by the School's bonds payable.

In determining the adequacy of liquidity sources to cover general operating expenditures over a 12-month period, the School considers all expenditures related to its ongoing educational services as well as services undertaken to support its program to be general operating expenditures.

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024
(continued)**

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY - continued

As of June 30, 2025 and 2024, total financial assets held by the School and the amounts of those financial assets that could readily be made available within one year of the statement of financial position date to meet general operation expenditures were as follows:

	2025	2024
Cash and cash equivalents and restricted cash and cash equivalents	\$ 9,698,031	\$ 11,859,725
Federal grants receivable	42,591	67,114
State and local grants receivable	96,090	70,204
Accounts receivable	7,535	339
Total Financial Assets	9,844,247	11,997,382
Less: restricted cash and cash equivalents	(1,096,369)	(1,092,612)
Total Financial Assets Available to meet Cash Needs for General Expenditures Within One Year	\$ 8,747,878	\$ 10,904,770

NOTE E – PROPERTY AND EQUIPMENT

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

	2025	2024
Leasehold improvements	\$ 16,213,845	\$ 15,488,789
Furniture and equipment	534,013	521,562
Computers	407,105	333,837
Construction in progress	3,897,221	399,782
Website	4,500	4,500
	21,056,684	16,748,470
Less accumulated depreciation and amortization	(8,706,227)	(7,768,614)
Total Property and Equipment, Net	\$ 12,350,457	\$ 8,979,856

For the years ended June 30, 2025 and 2024, depreciation and amortization expense totaled \$937,613 and \$935,221, respectively.

Average Usable Square Footage

The School leases the facilities in which it operates, having an average usable square footage of 67,200, for each month during the years ended June 30, 2025 and 2024.

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024
(continued)**

NOTE F – DEBT

Bonds Payable – District of Columbia

In June 2022, the District of Columbia issued and sold qualified school construction revenue bonds (Inspired Teaching Demonstration Public Charter School Issue, Series 2022) (the “Bonds”), totaling \$10,450,000 to Wilmington Trust (the “Bank”) for the benefit of making a loan to the School to be used to finance the building improvements and related capital expenditures at 200 Douglas St NE, Washington, DC 20002. The Bonds bear interest at a nominal rate of 5% per annum, and are secured by a Leasehold Deed of Trust, Assignment and Security Agreement dated June 1, 2022.

The Bonds require semi-annual interest payments due each January 1 and July 1 over the term of the Bonds, beginning on January 1, 2023. Beginning on July 1, 2023, and continuing for each July 1 over the term of the Bonds, the School is required to make deposits into a sinking fund, which are to be used for redemption of the principal amount due on the Bonds.

Interest expense on the Bonds for the years ended June 30, 2025 and 2024, totaled \$507,750 and \$515,250, respectively. Accrued interest on the Bonds as of June 30, 2025 and 2024, totaled \$253,875, and \$257,625, respectively. As of June 30, 2025 and 2024, the outstanding principal balance due on the bonds totaled \$9,995,000 and \$10,155,000, respectively.

The Bonds have various covenants. The School must maintain a minimum debt service coverage ratio of 1.10 to 1 on an annual basis to be in good standing with the jurisdiction in which it is domiciled. As of June 30, 2025, the School had met the minimum debt service coverage ratio.

The School is also required to maintain certain accounts as required by the trust indenture for the Bonds, including a debt service reserve fund to cover any deficient payments of principal or interest. The debt service reserve fund and all other required accounts are held in trust by the Bank. The balance of the debt service reserve fund as of June 30, 2025 and 2024, totaled \$676,828 and \$679,725, respectively. The balance of all other accounts held in trust by the Bank as of June 30, 2025 and 2024, totaled \$419,541 and \$412,887, respectively. These amounts are recorded as restricted cash and cash equivalents on the accompanying statements of financial position.

Note Payable – OSSE

On April 6, 2021, the School entered into a \$1,750,000 loan with OSSE to fund renovations of the School. The loan bears interest at 1% per annum, and is collateralized by the cash balances of the School. Payments of interest only of \$4,375, were due in quarterly installments through April 1, 2023. Beginning on July 1, 2023, payments of \$19,800, for principal and interest are due in quarterly installments until maturity on April 6, 2026, at which time a balloon payment of \$1,582,130 is due. As of June 30, 2025 and 2024, the outstanding principal balance due on the loan totaled \$1,625,512 and \$1,688,067, respectively.

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024
(continued)**

NOTE F – DEBT - continued

Note Payable – OSSE

Interest expense on the OSSE loan for the years ended June 30, 2025 and 2024, totaled \$16,647 and \$17,268, respectively. Accrued interest on the OSSE loan as of June 30, 2025 and 2024, totaled \$4,064 and \$12,893, respectively.

Future estimated payments on the Bonds and the OSSE loan are as follows for the years ending June 30:

	<u>Bonds Payable</u>	<u>OSSE Loan</u>	<u>Total</u>
2026	\$ 170,000	\$ 1,625,512	\$ 1,795,512
2027	175,000	-	175,000
2028	185,000	-	185,000
2029	195,000	-	195,000
2030	205,000	-	205,000
Thereafter	9,065,000	-	9,065,000
	<u>\$ 9,995,000</u>	<u>\$ 1,625,512</u>	<u>\$ 11,620,512</u>

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

	<u>2025</u>	<u>2024</u>
OSSE Note payable, due April 2026	\$ 1,625,512	\$ 1,688,067
Bonds payable, due July 2052	9,995,000	10,155,000
Total Debt	<u>11,620,512</u>	<u>11,843,067</u>
Less: debt issuance costs, net of accumulated amortization	<u>(380,552)</u>	<u>(398,960)</u>
Total debt, net of debt issuance costs	11,239,960	11,444,107
Less: current portion	<u>(1,773,549)</u>	<u>(222,555)</u>
Non-Current Portion of Debt	<u>\$ 9,466,411</u>	<u>\$ 11,221,552</u>

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

	<u>2025</u>	<u>2024</u>
Debt issuance costs	\$ 442,436	\$ 442,436
Less: accumulated amortization	<u>(61,884)</u>	<u>(43,476)</u>
Debt Issuance Costs, Net	<u>\$ 380,552</u>	<u>\$ 398,960</u>

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024
(continued)**

NOTE F – DEBT - continued

The School reports debt issuance costs as a direct deduction from the carrying amount of the related debt and amortization of debt issuance costs as interest expense. The total amortization expense for debt issuance costs for the years ended June 30, 2025 and 2024, was \$18,408 for both years, and is included in interest expense on the statements of functional expenses.

NOTE G – GROUND LEASE AGREEMENT

On May 21, 2014, the School entered into a ground lease agreement with the District of Columbia to provide a space for the public charter school. The terms of this agreement were for 20 years, commencing on May 21, 2014, and expiring on May 21, 2034. On April 8, 2022, the ground lease was amended, extending the lease term by an additional 12 years through May 21, 2046.

The annual base rent for the first year was \$555,000, payable in equal consecutive monthly installments of \$46,250. On the first anniversary of the rent commencement date and each anniversary thereafter, the annual base rent shall increase by two percent.

During the term of this agreement, the School shall be entitled to a rent abatement credit against the annual base rent in an amount equal to the construction costs incurred in connection with the School’s work for the renovation of the space, based on the rent abatement criteria as stated in the lease agreement. The total cost of the renovations had exceeded \$15 million; and therefore, in accordance with the lease agreement, the School anticipates continued rent abatements throughout remainder of the lease term, as allowed under the agreement. For the years ended June 30, 2025 and 2024, the School did not incur any lease expense due to the rent abatement.

NOTE H – FINANCE LEASES COMMITMENTS

The School had a copier lease, which commenced in September 2017, and expired in November 2024. The copier lease was fully amortized and the remaining balance of \$12,575, was recognized as amortization expense as of June 30, 2025. The School returned the copier at the expiration of the lease. Prior to the previous lease’s expiration, the School signed a new copier lease, which commenced in November 2024, and will expire in January 2030. The new copier lease requires monthly payments of \$1,992.

The balance of the ROU finance asset was as follows as of June 30:

	2025	2024
Finance lease, right-of-use asset	\$ 113,405	\$ 68,999
Amortization of finance lease, right-of-use asset	(14,401)	(56,424)
Total Finance Lease, Right-of-Use Asset, Net	\$ 99,004	\$ 12,575

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024
(continued)**

NOTE H – FINANCE LEASES COMMITMENTS - continued

Future minimum lease payments under the lease are as follows for the years ending June 30:

2026	\$	23,898
2027		23,898
2028		23,898
2029		23,898
2030		13,941
Total lease payments		109,533
Less: imputed interest		(9,289)
Present Value of Finance Lease Liability		\$ 100,244

For the year ended June 30, 2025, amortization and interest expense on the finance leases totaled \$26,976 and \$2,948, respectively. For the year ended June 30, 2024, amortization and interest expense on the finance leases totaled \$29,008 and \$1,598, respectively. The average finance lease term and discount rate as of June 30, was as follows:

	2025	2024
Weighted average remaining lease term (years):	4.58	0.42
Weighted average discount rate:	3.86%	5.00%

NOTE I – DONATED FEDERAL COMMODITIES

The School received donated federal commodities, mainly food items, from the U.S. Department of Agriculture’s Department of Defense Food and Nutrition Service Program. For the years ended June 30, 2025 and 2024, donated federal commodities totaled \$16,329 and \$11,490, respectively. The donated federal commodities were recorded on the statements of activities and functional expenses based on either the estimated fair value on the date the donated federal commodities were received, or at the value determined by the federal agency. The donated federal commodities were utilized for and allocated to educational services on the statements of functional expenses. There were no donor-imposed restrictions on the donated federal commodities.

NOTE J – CHARTER SCHOOL AGREEMENT

On June 27, 2011, the School entered into a Charter School Agreement with the DCPCSB, which expires on June 27, 2026. As part of this agreement, the DCPCSB may charge the School a fee of up to the maximum amount permitted by the Congressionally-enacted District of Columbia School Reform Act of 1995, as amended, to cover the administrative responsibilities of the DCPCSB. For the years ended June 30, 2025 and 2024, the School was charged \$140,843 and \$134,132, in administrative fees, respectively.

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024
(continued)**

NOTE K – RETIREMENT PLAN

The School established the Inspired Teaching School 403(b) Retirement Plan (the "Plan") in September 2013. All employees are eligible to participate in the Plan on the first day of the month following his or her date of employment. However, Plan participants are eligible for employer contributions after reaching the age of 21 and the completion of one year of employment. Employees may make elective deferral contributions from their eligible earnings up to the maximum amount allowed by the Internal Revenue Code. Matching contributions made by the School are discretionary. For the years ended June 30, 2025 and 2024, retirement benefits expense totaled \$98,494 and \$78,482, respectively.

The School also participates in the Supplemental Retirement Annuities ("SRA") plan. This plan also qualifies as a defined contribution retirement plan under Section 403(b) of the Internal Revenue Code ("IRC"), and allows eligible employees to participate. Employees participating in the SRA plan may elect to contribute up to a maximum of 11% of their gross salary (which includes any of the employee's contributions to School's plan). There are matching contributions associated with the SRA plan. For the years ended June 30, 2025 and 2024, SRA expenses totaled \$35,113 and \$22,802, respectively.

NOTE L – COMMITMENTS AND CONTINGENCIES

The School participates in federal grant reimbursement programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the School has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivables as June 30, 2025 and 2024, respectively, may be impaired. In the opinion of the School, there were no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

NOTE M – CONCENTRATIONS OF RISK

The School is dependent on funding from the District of Columbia Public School System as authorized by the District of Columbia Public Charter School Board. For each of the years ended June 30, 2025 and 2024, approximately 89% and 91%, respectively, of total revenue was provided from the District of Columbia Public School System. Reduction of this source of support would have a significant impact on the School's programs and activities.

The School is limited to enrolling students that are residents of the District of Columbia. As a DC Public Charter School, the School must adhere to the terms of its Charter Agreement. Uniform Per-Student Funding received from the District of Columbia Public School System is based upon actual student enrollment determined by an annual enrollment audit. As a result, actual revenue may vary materially from budgeted revenue if under-enrollment were to occur.

**INSPIRED TEACHING DEMONSTRATION
PUBLIC CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024
(continued)**

NOTE M – CONCENTRATIONS OF RISK - continued

The School maintains its cash and cash equivalents, and restricted cash and cash equivalents in several financial institutions. These cash balances are insured by the Federal Deposit Insurance Corporation (“FDIC”) for up to \$250,000 per institution. The School’s cash accounts routinely exceed the FDIC limit. However, management does not believe the School is exposed to any significant credit risk on its cash and cash equivalents, and restricted cash and cash equivalents.

NOTE N – SUBSEQUENT EVENTS

In preparing these financial statements, the School’s management has evaluated events and transactions for potential recognition or disclosure through December 9, 2025, the date the financial statements were available to be issued. There were no events or transactions that were discovered during the evaluation that required recognition or further disclosure.

**REPORTS AND SCHEDULES
REQUIRED BY THE UNIFORM GUIDANCE**

**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***

To the Board of Directors
Inspired Teaching Demonstration 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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Inspired Teaching Demonstration Public Charter School (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, 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 December 9, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Inspired Teaching Demonstration Public Charter School’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Inspired Teaching Demonstration Public Charter School’s internal control. Accordingly, we do not express an opinion on the effectiveness of Inspired Teaching Demonstration Public Charter 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Inspired Teaching Demonstration Public Charter 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 financial statements. 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 Inspired Teaching Demonstration Public Charter 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 Inspired Teaching Demonstration Public Charter School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Washington, DC
December 9, 2025

**Independent Auditor’s Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors
Inspired Teaching Demonstration Public Charter School
Washington, DC

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Inspired Teaching Demonstration Public Charter School’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Inspired Teaching Demonstration Public Charter School’s major federal programs for the year ended June 30, 2025. Inspired Teaching Demonstration Public Charter School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Inspired Teaching Demonstration Public Charter School 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, 2025.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Inspired Teaching Demonstration Public Charter School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Inspired Teaching Demonstration Public Charter School’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Inspired Teaching Demonstration Public Charter School’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Inspired Teaching Demonstration Public Charter School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Inspired Teaching Demonstration Public Charter School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Inspired Teaching Demonstration Public Charter School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Inspired Teaching Demonstration Public Charter School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Inspired Teaching Demonstration Public Charter School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of

Report on Internal Control over Compliance - continued

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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Washington, DC
December 9, 2025

**INSPIRED TEACHING DEMONSTRATION PUBLIC CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Grant Identification Number	Federal Expenditures
U. S. Department of Education			
Pass Through from District of Columbia Office of the State Superintendent of Education (OSSE)			
Special Education Cluster (IDEA):			
Special Education-Grants to States	84.027A	E2027A	\$ 101,953
Total Special Education-Grants to States			<u>101,953</u>
Special Education Preschool Grants	84.173A	E2173A	1,255
Total Special Education Preschool Grants			<u>1,255</u>
Total Special Education Cluster (IDEA)			<u>103,208</u>
Other Programs			
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367A	84.367A	25,429
Total Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)			<u>25,429</u>
DC School Choice Incentive Program	84.370C	CHOICE	620,422
Total DC School Choice Incentive Program			<u>620,422</u>
Total Other Programs			<u>645,851</u>
Total U.S. Department of Education			<u>749,059</u>
U.S. Department of Agriculture - Food and Nutrition Service			
Pass Through from District of Columbia Office of the State Superintendent of Education (OSSE)			
Child Nutrition Cluster - Cluster:			
School Breakfast Program	10.553		24,405
Total School Breakfast Program			<u>24,405</u>
National School Lunch Program	10.555		60,055
Federal Commodities (donated)	10.555		16,329
Total National School Lunch Program			<u>76,384</u>
Fresh Fruit and Vegetable Program	10.582		30,171
Total Fresh Fruit and Vegetable Program			<u>30,171</u>
Total Child Nutrition Cluster			<u>130,960</u>
Total U.S. Department of Agriculture			<u>130,960</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 880,019</u>

**INSPIRED TEACHING DEMONSTRATION PUBLIC CHARTER SCHOOL
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of Inspired Teaching Demonstration Public Charter School under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Inspired Teaching Demonstration Public Charter School, it is not intended and does not present the financial position, changes in net assets, or cash flows of Inspired Teaching Demonstration Public Charter School

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein, certain types of expenses are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

Inspired Teaching Demonstration Public Charter School has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

**INSPIRED TEACHING DEMONSTRATION PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

SECTION I - SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on the financial statements	Unmodified
Internal control over financial reporting: Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of auditor’s report issued on compliance for major programs:	Unmodified
Internal control over major programs: Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No

Major Programs:

Name of Federal Programs or Cluster	DC School Choice Incentive Program
Assistance Listing Number:	84.370C
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**INSPIRED TEACHING DEMONSTRATION PUBLIC CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025
(continued)**

**SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS REPORTED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

None

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL
AWARDS**

None

SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None

SUPPLEMENTARY SCHEDULES REQUIRED BY DCPCSB

**INSPIRED TEACHING DEMONSTRATION PUBLIC CHARTER SCHOOL
SUPPLEMENTARY SCHEDULE OF VENDORS AWARDED CONTRACTS EQUAL TO OR ABOVE \$25,000
UNAUDITED
YEAR ENDED JUNE 30, 2025**

Award Date	Vendor Name	Goods and/or Services	Minimum Contract Amount	Maximum Contract Amount	Interest ("Yes" or "No")
7/10/2024	Acumen Behavioral Consulting	Special education services/assessments	\$ 50,000	\$ 70,000	No
4/11/2025	Busy Bee Janitorial & Environmental Services, Inc.	Facility management and maintenance	420,000	850,000	No
7/16/2024	CareFirst	Health care insurance	825,000	900,000	No
8/12/2024	Centric Business Systems (powered by Ubeo)	Printer/Copiers	25,000	35,000	No
7/10/2024	City Teaching Alliance	Teaching residents	202,500	202,500	No
3/26/2025	CNB Computers, Inc DBA System Liquidation	Chromebooks	29,500	65,000	No
7/10/2024	DC Water and Sewer Authority	Water utility	30,000	35,000	No
8/19/2024	DC Water and Sewer Authority	Water utility	25,000	31,000	No
2/4/2025	Dynamic Network Solutions	Cabling, hardware, and software for ground floor	25,000	30,000	No
7/10/2024	Early Autism Solutions	Applied Behavior Analysis ("ABA") services	60,000	80,000	No
6/24/2025	EdOps	Financial and accounting services	122,650	130,000	No
6/24/2025	EdOps	Data and compliance management services	25,000	35,000	No
7/10/2024	Educational Solutions, LLC	Tutoring and special education support	60,000	70,000	No
7/10/2024	EmpowerK12	Data dashboard/data analysis support	26,000	30,000	No
1/16/2025	Hertz Furniture	Furniture and equipment	50,000	100,000	No
8/7/2024	Imagine Learning	Sonday system and prof. development ("PD"); MyPath and PD	30,000	35,000	No
6/3/2025	Jones, Maresca & McElwaney, P.A	Financial audit	30,000	32,400	No
4/11/2025	Luncheras Di Si, LLC	Food service	220,000	240,000	No
7/10/2024	Paradigm Therapy Partners LLC	Occupational and physical therapy services	125,000	135,000	No
7/10/2024	Pepco	Electricity	60,000	70,000	No
7/10/2024	The Hanover Insurance Group, Inc.	Business insurance	65,000	70,000	No
7/22/2024	Transportation Provided by Unimpeachable LLC	Busing for field trips, clubs, etc	25,000	35,000	No
8/7/2024	Unimpeachable	Busing for field trips, clubs, etc	30,000	40,000	No

NOTE: The above schedule includes all contracts that are greater than or equal to \$25,000 awarded to a single vendor during the year ended June 30, 2025, regardless of the service period.

**INSPIRED TEACHING DEMONSTRATION PUBLIC CHARTER SCHOOL
SUPPLEMENTARY SCHEDULE OF INCOME
NOT SUBJECT TO DCPCSB ADMINISTRATIVE FEE
UNAUDITED
YEAR ENDED JUNE 30, 2025**

Total Revenue and Support	\$ 15,485,053
Income not Subject to DCPCSB Administrative Fee:	
Income from philanthropy	109,750
Interest and other income	551,192
Total Income not Subject to DCPCSB Administrative Fee	<u><u>\$ 660,942</u></u>

**INSPIRED TEACHING DEMONSTRATION PUBLIC CHARTER SCHOOL
SUPPLEMENTARY SCHEDULE OF OCCUPANCY EXPENSES AND NON-FACILITY EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024**

Occupancy and Non-Facility Expenses	2025				2024			
	Occupancy Expenses		Non-Facility Expenses	Total per Statement of Functional Expenses	Occupancy Expenses		Non-Facility Expenses	Total per Statement of Functional Expenses
	Owned Facilities	Leased Facilities			Owned Facilities	Leased Facilities		
Depreciation	\$ -	\$ -	\$ 76,527	76,527	\$ -	\$ 843,203	\$ 92,018	935,221
Amortization	-	861,086	26,976	888,062	-	18,408	-	18,408
Interest expense	-	542,804	2,948	545,752	-	532,518	1,598	534,116
Other occupancy expenses	-	689,546	-	689,546	-	724,354	39,914	764,268
Total Occupancy Expenses	<u>\$ -</u>	<u>\$ 2,093,436</u>			<u>\$ -</u>	<u>\$ 2,118,483</u>	<u>\$ 133,530</u>	<u>\$ 2,252,013</u>