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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

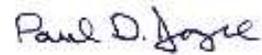
March 19, 2015

Charter School Board
Thurgood Marshall Leadership Academy,
A Program of Fort Wayne Urban League Inc.
2310 Weisser Park
Fort Wayne, IN 46803

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Dulin, Ward & DeWald, Inc., Independent Public Accountants, for the period July 1, 2013 to June 30, 2014. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Thurgood Marshall Leadership Academy, A Program of Fort Wayne Urban League Inc., as of June 30, 2014, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In addition to the report presented herein, a Supplemental Audit Report for Thurgood Marshall Leadership Academy, A Program of Fort Wayne Urban League Inc. was prepared in accordance with the guidelines established by the State Board of Accounts.

The Financial Statements and Independent Auditors' Report and the Supplemental Audit Report are filed in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

**THURGOOD MARSHALL LEADERSHIP
ACADEMY, A PROGRAM OF FORT
WAYNE URBAN LEAGUE, INC.**

FINANCIAL STATEMENTS

Years Ended June 30, 2014 and 2013

TABLE OF CONTENTS

	PAGE NO.
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses.....	5
Statements of Cash Flows	7
Notes to Financial Statements	8
SUPPLEMENTAL INFORMATION	
Schedules of Governmental Funds Received.....	14
OTHER REPORTS	15



INDEPENDENT AUDITORS' REPORT

Board of Directors
Thurgood Marshall Leadership Academy, a program of
Fort Wayne Urban League, Inc.
Fort Wayne, Indiana

We have audited the accompanying financial statements of Thurgood Marshall Leadership Academy, a program of Fort Wayne Urban League, Inc., (a nonprofit organization) which comprise the statements of financial position as of June 30, 2014 and 2013, 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Thurgood Marshall Leadership Academy, a program of Fort Wayne Urban League, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter*Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of government funds received are presented for purposes of additional analysis as required by the Indiana State Board of Accounts and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional 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.



Fort Wayne, Indiana
February 25, 2015

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.
STATEMENTS OF FINANCIAL POSITION**

June 30, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 181,308	\$ 162,477
Receivables:		
Claims	51,913	18,830
Employee	23,596	15,368
Prepaid expenses	8,316	6,726
Cash restricted for long-term investment	6,989	6,989
Property and equipment	<u>323,330</u>	<u>287,126</u>
Total Assets	<u><u>\$ 595,452</u></u>	<u><u>\$ 497,516</u></u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 159,389	87,147
Advance - Fort Wayne Urban League, Inc.	2,825	46,132
Payroll deductions and accruals	90,277	90,089
Capital lease payable	22,885	41,143
Notes payable	<u>8,910</u>	<u>67,279</u>
Total Liabilities	284,286	331,790
Net assets:		
Unrestricted	304,177	158,737
Temporarily restricted	<u>6,989</u>	<u>6,989</u>
Total Net Assets	<u>311,166</u>	<u>165,726</u>
Total Liabilities and Net Assets	<u><u>\$ 595,452</u></u>	<u><u>\$ 497,516</u></u>

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

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2014 and 2013**

	Unrestricted	Temporarily Restricted	2014 Total	Unrestricted	Temporarily Restricted	2013 Total
CHANGES IN NET ASSETS						
Support and Revenues:						
Contributions	\$ 1,817	\$ -	\$ 1,817	\$ 5,029	\$ 17,500	\$ 22,529
Government grants	1,343,804	-	1,343,804	1,292,514	-	1,292,514
School lunch program	1,477	-	1,477	6,790	-	6,790
Miscellaneous	409	-	409	3,074	-	3,074
Net Assets Released From Restrictions:						
Satisfaction of purchase restrictions	-	-	-	10,511	(10,511)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Support and Revenues	1,347,507	-	1,347,507	1,317,918	6,989	1,324,907
Expenses:						
School	992,277	-	992,277	982,758	-	982,758
Management and general	209,790	-	209,790	176,423	-	176,423
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	1,202,067	-	1,202,067	1,159,181	-	1,159,181
CHANGE IN NET ASSETS	145,440	-	145,440	158,737	6,989	165,726
NET ASSETS - beginning of year	158,737	6,989	165,726	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS - end of year	<u>\$ 304,177</u>	<u>\$ 6,989</u>	<u>\$ 311,166</u>	<u>\$ 158,737</u>	<u>\$ 6,989</u>	<u>\$ 165,726</u>

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

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2014**

	School	Management and General	Total Expenses
Salaries	\$ 392,232	\$ 77,772	\$ 470,004
Employee health and retirement benefits	60,659	8,873	69,532
Payroll taxes	35,423	5,195	40,618
	<hr/>	<hr/>	<hr/>
Total Salaries and Related Expenses	488,314	91,840	580,154
Professional fees:			
Management	-	85,587	85,587
Food service	48,352	-	48,352
Other	13,882	10,779	24,661
Accounting	-	10,325	10,325
Legal	-	9,590	9,590
Repairs and maintenance	73,865	-	73,865
Food	63,971	-	63,971
Occupancy	59,445	-	59,445
Transportation	56,648	1,031	57,679
Supplies	36,584	-	36,584
Information technology	25,216	-	25,216
Dues and fees	10,521	-	10,521
Insurance	7,567	-	7,567
Equipment rental	7,427	-	7,427
Printing	6,952	-	6,952
Training	4,699	-	4,699
Telephone	3,135	600	3,735
Textbooks	3,214	-	3,214
Interest	2,570	-	2,570
Advertising	1,418	-	1,418
Postage and shipping	896	38	934
Awards and grants	232	-	232
	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation	914,908	209,790	1,124,698
Depreciation	77,369	-	77,369
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 992,277</u>	<u>\$ 209,790</u>	<u>\$ 1,202,067</u>

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

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013**

	School	Management and General	Total Expenses
Salaries	\$ 417,430	\$ 81,874	\$ 499,304
Employee health and retirement benefits	29,665	7,114	36,779
Payroll taxes	43,475	5,806	49,281
	<hr/>	<hr/>	<hr/>
Total Salaries and Related Expenses	490,570	94,794	585,364
Professional fees:			
Management	-	65,267	65,267
Food service	44,958	-	44,958
Other	26,552	1,265	27,817
Legal	-	12,438	12,438
Textbooks	87,970	-	87,970
Repairs and maintenance	77,303	-	77,303
Food	56,646	-	56,646
Occupancy	50,792	-	50,792
Supplies	33,008	-	33,008
Information technology	32,961	-	32,961
Advertising	10,831	-	10,831
Insurance	10,197	-	10,197
Training	6,676	-	6,676
Transportation	4,466	2,057	6,523
Printing	6,342	-	6,342
Telephone	5,407	537	5,944
Equipment rental	4,787	-	4,787
Interest	4,404	-	4,404
Postage and shipping	768	65	833
Awards and grants	213	-	213
	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation	954,851	176,423	1,131,274
Depreciation	27,907	-	27,907
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 982,758</u>	<u>\$ 176,423</u>	<u>\$ 1,159,181</u>

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

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2014 and 2013**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 145,440	\$ 165,726
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	77,369	27,907
Textbooks acquisition	-	87,938
Changes in assets and liabilities:		
(Increase) decrease in:		
Claims receivable	(33,083)	(18,830)
Employee receivable	(8,228)	(15,368)
Prepaid expenses	(1,590)	(6,726)
Increase (decrease) in:		
Accounts payable	72,242	87,147
Payroll deductions and accruals	188	90,089
	<u>252,338</u>	<u>417,883</u>
Cash Flows From Operating Activities	252,338	417,883
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(111,948)	(235,939)
Change in cash restricted to long term investment	-	(6,989)
	<u>(111,948)</u>	<u>(242,928)</u>
Cash Flows From Investing Activities	(111,948)	(242,928)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in advance payable	(43,307)	46,132
Payments on capital lease	(18,258)	(14,488)
Payments on notes payable	(59,994)	(44,122)
	<u>(121,559)</u>	<u>(12,478)</u>
Cash Flows From Financing Activities	(121,559)	(12,478)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,831	162,477
CASH AND CASH EQUIVALENTS - beginning of year	<u>162,477</u>	<u>-</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 181,308</u>	<u>\$ 162,477</u>

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

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.
NOTES TO FINANCIAL STATEMENTS**

June 30, 2014 and 2013

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Thurgood Marshall Leadership Academy (Academy) is an Indiana public charter school operating as a program of Fort Wayne Urban League, Inc. (League), its organizer. The Academy, which opened in Fall 2012, is located in Fort Wayne, Indiana, and currently includes grades K through 8. The Academy is sponsored by the Indiana Charter School Board.

Income Taxes

Fort Wayne Urban League, Inc. is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and qualifies for the 50% charitable contributions deduction limitation. The League has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code. The League's income tax filings are subject to audit by various taxing authorities. The League is no longer subject to income tax examinations by taxing authorities for tax years ending on or before December 31, 2010. The League's management has determined that there are no events that would more likely than not cause the above tax position to change within the next twelve months.

Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Academy considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

(continued)

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

Contributions

Gifts of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit their use. In the case of temporarily restricted support, when the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and net assets are not reclassified in the statement of activities.

Receivables

The Academy provides an allowance for doubtful accounts, if considered necessary, which is based upon historical collection experience and management's estimate of losses that will be incurred in the collection of all receivables.

Property and Equipment

Property and equipment are stated at cost or, if received by contribution, at fair market value at the date received. The cost of property and equipment is depreciated over the estimated useful lives of the related assets. Depreciation is computed on the straight-line method. It is not the Academy's policy to imply time restrictions expiring over the useful life of donated assets. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support. Property and equipment with an item cost or donated value of \$1,000 or more and an estimated useful life of one year or more are capitalized when acquired.

Advertising

Advertising costs are charged to operations when incurred.

Subsequent Events

Management has evaluated subsequent events through February 25, 2015, the date which the financial statements were available for issue.

2. PROPERTY AND EQUIPMENT

Property and equipment is detailed as follows:

	2014	2013
Structures and improvements	\$ 116,585	\$ 109,953
Furniture and fixtures	98,959	98,959
Equipment	<u>213,062</u>	<u>106,121</u>
	428,606	315,033
Accumulated depreciation	<u>105,276</u>	<u>27,907</u>
	<u>\$ 323,330</u>	<u>\$ 287,126</u>

3. NOTES PAYABLE

A note payable to Pearson North America in the amount of \$51,626 at June 30, 2013 was paid in full during 2014. The note was non interest bearing and unsecured.

A note payable to Food Service Providers in the amount of \$8,910 at June 30, 2014 and \$15,653 at June 30, 2013 is payable in monthly installments of \$870, is non interest bearing, is due May 2015 and is unsecured.

Maturities on the notes as of June 30, 2014:

2015	\$ 8,910
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4. CAPITAL LEASE

The Academy leases computer equipment from Dell. The lease, which is accounted for as a capital lease, expires in 2015. The assets under the capital lease are capitalized using the interest rate appropriate at the inception of the lease. The assets are depreciated over their estimated useful lives. Depreciation of the assets under the capital lease is included in depreciation expense.

Following is a summary of property held under the capital lease at June 30:

	2014	2013
Equipment	\$ 55,631	\$ 55,631
Accumulated depreciation	<u>21,325</u>	<u>10,199</u>
	<u>\$ 34,306</u>	<u>\$ 45,432</u>

(continued)

4. CAPITAL LEASE (continued)

Minimum future lease payments under the capital lease as of June 30, 2014 for each of the next five years and in the aggregate are:

2015	\$	20,828
2016		3,471
2017 and thereafter		<u>-</u>
Total minimum lease payments		24,299
Amount representing interest		<u>1,414</u>
Present value of net minimum lease payments	\$	<u><u>22,885</u></u>

5. NET ASSETS

Temporarily restricted net assets of \$6,989 at June 30, 2014 and 2013 are restricted for playground equipment.

6. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES

Cash used in operating activities includes interest paid of \$2,570 for 2014 and \$4,404 for 2013.

Noncash investing and financing activities include the following:

	2014	2013
Acquisition of textbooks via note payable	\$ -	\$ 87,938
Purchase of equipment via note payable	\$ 1,625	\$ 23,463
Purchase of equipment via capital lease	\$ -	\$ 55,631

7. CONCENTRATIONS

The Academy receives a substantial portion of its support from government entities. A significant reduction in the level of this support, if it were to occur, may have an effect on the Academy's programs and activities.

8. IN-KIND CONTRIBUTIONS

The Academy recognizes contributions of revenue for certain goods and services received at the value of those goods and services. Those goods and services include donated government commodities in the amount of \$4,317 for 2014 and \$7,409 for 2013.

9. EMPLOYEE BENEFIT PLANS

Retirement benefits for Academy employees are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple employer defined benefit retirement plans governed by the State of Indiana and administered by the Indiana Public Retirement System. Under the plans, the Academy contributes 7.5% of compensation for each teaching faculty to TRF and 11.2% of compensation for other employees to PERF. Substantially all full-time employees are eligible to participate on the first of the month following two months of service. Retirement plan expenses totaled \$20,855 for 2014 and \$7,637 for 2013.

The Academy also maintains a Section 403(b) retirement plan with American Quality Schools, Inc. Employees may contribute up to 100% of their salary providing they are at least 18 years of age and have at least two months of service. There is no provision for an employer match.

10. MANAGEMENT AND OVERSIGHT FEES

The Thurgood Marshall Leadership Academy, a program of Fort Wayne Urban League, Inc. contracted with American Quality Schools, a nonprofit organization incorporated in the State of Illinois, to provide management, administrative and educational programming services for the Academy. Under the terms of the agreement, the Academy has agreed to pay an amount equal to 8% of state revenues, as defined for such services. The contract commenced February 1, 2012 and expires June 30, 2017. Fees incurred under the contract totaled \$75,276 for 2014 and \$56,740 for 2013.

The Academy operates under a charter granted by the Indiana Charter School Board. As the sponsoring organization, the Indiana Charter School Board exercises certain oversight responsibilities. Under the charter, the Academy has agreed to pay the Indiana Charter School Board an annual administrative fee equal to no more than 3% of the total amount the Academy receives during the calendar year. The charter remains in effect until June 30, 2017. Fees incurred under this agreement were \$10,311 for 2014 and \$8,527 for the year ended 2013.

11. OPERATING LEASE

The Academy leases its operating facilities under an operating lease expiring July 2017 with two renewal option periods of five years each. Total rental expense under the noncancelable lease was \$33,042 for 2014 and \$25,667 for 2013. Minimum future rental payments, exclusive of renewal options, under the noncancelable operating lease as of June 30, 2014 for each of the next five years and in the aggregate are as follows:

2015	\$	35,035
2016		36,787
2017		38,626
2018		3,232
2019 and thereafter		<u>-</u>
Total lease commitments	\$	<u>113,680</u>

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.
SCHEDULES OF GOVERNMENTAL FUNDS RECEIVED
For the Years Ended June 30, 2014 and 2013**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	2014 Revenue Recognized	2013 Revenue Recognized
U.S. Department of Education:			
Passed through the Indiana Department of Education:			
Charter Schools - Program grant	84.282	\$ 195,013	\$ 316,202
Charter Schools - Facilities grant	84.282	2,333	20,967
		<u>197,346</u>	<u>337,169</u>
 Title I Grants to Local Educational Agencies	 84.010	 70,645	 58,370
Special Education - Grants to States (IDEA, Part B)	84.027A	12,985	29,644
Improving Teacher Quality (Title II, Part A)	84.367	9,720	-
U.S. Department of Agriculture:			
Passed through Food Service Professionals:			
Child and Adult Care Food Program	10.558	<u>84,813</u>	<u>64,294</u>
TOTAL FEDERAL GRANTS RECEIVED		375,509	489,477
Indiana Department of Education:			
Basic grant		808,363	694,050
Full day kindergarten grant		88,128	62,400
Special education grant		44,457	15,700
High ability grant		10,000	-
Textbook reimbursements		9,076	7,540
Summer school reimbursement grant		5,074	-
Charter Schools - facilities grant		2,333	23,347
Preventative remediation grant		695	-
School lunch - state match		<u>169</u>	<u>-</u>
TOTAL STATE GRANTS RECEIVED		<u>968,295</u>	<u>803,037</u>
TOTAL GOVERNMENT FUNDS RECEIVED		<u><u>\$ 1,343,804</u></u>	<u><u>\$ 1,292,514</u></u>

See independent auditors' report.

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.
OTHER REPORTS**

June 30, 2014

The report presented herein was prepared in addition to another official report prepared for the School as listed below:

Supplemental Audit Report of Thurgood Marshall Leadership Academy,
A Program of Fort Wayne Urban League, Inc.

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.