



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B45669

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](http://www.in.gov/sboa)

January 12, 2016

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 Supplemental Audit Report prepared by Dulin, Ward & DeWald, Inc., Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Pages 3 and 4 contain four audit results and comments. Management's response may be found on Page 6.

In addition to the report presented herein, a Financial Statements and Independent Auditors' 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 Supplemental Audit Report and the Financial Statements and Independent Auditors' Report are filed in our office as a matter of public record.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**SUPPLEMENTAL AUDIT REPORT**

**OF**

**THURGOOD MARSHALL LEADERSHIP ACADEMY**

**A PROGRAM OF FORT WAYNE URBAN LEAGUE, INC.**

**Allen County, Indiana**

**July 1, 2014 to June 30, 2015**

## TABLE OF CONTENTS

	<b>PAGE NO.</b>
SCHOOL OFFICIALS.....	1
TRANSMITTAL LETTER.....	2
AUDIT RESULTS AND COMMENTS:	
Internal Control – receipts and deposits.....	3
Cash Transactions .....	3
Payroll Taxes.....	4
EXIT CONFERENCE.....	5
OFFICIAL RESPONSE.....	6

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF  
FORT WAYNE URBAN LEAGUE, INC.  
SCHOOL OFFICIALS  
Year ended June 30, 2015**

<b>OFFICE</b>	<b>OFFICIAL</b>	<b>TERM</b>
Treasurer	Willie Lipsey	07/01/14 to 06/30/15
Principal	Tameka Wilson	07/01/14 to 06/30/15
Chairman of the School Board	Leroy Jackson	07/01/14 to 06/30/15



**Dulin, Ward & DeWald, Inc.**  
CPAs & ADVISORS

9921 Dupont Circle Drive West, Suite 300  
Fort Wayne, IN 46825  
260.423.2414  
800.232.8913  
Fax: 260.423.2419  
www.dwdcpa.com

---

Offices Located in Ft. Wayne and Marion, Indiana

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

We have audited the records of the Thurgood Marshall Leadership Academy, a program of Fort Wayne Urban League, Inc. (a nonprofit organization) for the period from July 1, 2014 to June 30, 2015, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this program are reflected in the Annual Report of Thurgood Marshall Leadership Academy, a program of Fort Wayne Urban League, Inc. for the year ended June 30, 2015.

A handwritten signature in black ink that reads "Dulin, Ward &amp; DeWald, Inc." in a cursive script.

Fort Wayne, Indiana  
December 18, 2015

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF  
FORT WAYNE URBAN LEAGUE, INC.  
ALLEN COUNTY  
AUDIT RESULTS AND COMMENTS  
Year ended June 30, 2015**

**1. Internal Control – receipts and deposits**

The School utilizes the services of American Quality Schools (AQS) in Chicago, Illinois for its bookkeeping services. Because of this relationship, a local bank is not used to deposit cash and checks received at the School. The responsible person at the School counts the money received and fills out a worksheet detailing the type and amount of cash and checks, which is then signed by two individuals and sent via Federal Express to AQS. When received at AQS, the funds are recounted and a deposit slip is made up and the funds are taken to the bank. As a result, in all transactions tested there was more than 24 hours between the receipt of cash and the deposit in the bank.

In June 2015 a bank account was opened in Fort Wayne for the School to make deposits. Deposits were still not being deposited within the 24 hour time frame.

All charter school money must be deposited in the designated depository not later than the business day following the receipts of funds on business days of the depository in the same form in which the funds were received. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8 – Internal Controls)

**2. Cash Transactions**

The School collected money and gave receipts to students for caps and gowns. These amounts were not deposited and the revenue and cash were not recorded in the general ledger.

The School collected money from students for fieldtrips and athletic fees. Fees were paid and meals purchased prior to the funds being deposited. The revenue and expense for these transactions are not recorded as activity in the general ledger.

All financial transactions pertaining to the charter school must be recorded in the records of the charter school. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10 – Prescribed Forms, Taxes and General Information)

Tickets, goods for sale, billings and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the charter school. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10 – Prescribed Forms, Taxes and General Information)

(continued)

## **2. Cash Transactions (continued)**

Disbursements, other than properly authorized petty cash disbursements, shall be by check or warrant, not by cash or other methods unless specifically authorized by statute, federal or state rule. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10 – Prescribed Forms, Taxes and General Information)

## **3. Payroll Taxes**

The School has contracted with American Quality Schools, an Illinois corporation, for the management of the School. The contract outlines the responsibilities the School has delegated to the management company including the employment of teachers and the collection and payment of payroll taxes. Several teachers hired between July 1, 2012 and March 31, 2014 were inadvertently set up in the payroll system as having opted out of social security taxes, which is allowed for Illinois teachers who participate in the Illinois teachers' retirement system. However, the School's employees are Indiana employees, and Indiana does not have this option. Therefore, social security taxes were incorrectly withheld from payroll, and the School did not correctly report and has not paid its obligation for social security taxes.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10 - Prescribed Forms, Taxes, and General information)

Each charter school is responsible for compliance with all rules, regulations, guidelines and directives of the Internal Revenue Service and the Indiana Department of Revenue. All questions concerning taxes should be directed to these agencies. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10 - Prescribed Forms, Taxes, and General information)

Payments made or received for contractual services must be supported by a written contract. Each charter school is responsible for complying with the provision of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10 - Prescribed Forms, Taxes, and General information)

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF  
FORT WAYNE URBAN LEAGUE, INC.  
ALLEN COUNTY  
EXIT CONFERENCE**

The contents of this report were discussed on December 17, 2015 with:

Leroy Jackson – Chairman of the Board

Willis Clark – Board Member

Dr. Alfred Brothers – Board Vice Chairman

Tiffani Cooper – Accountant, American Quality Schools (via telephone)

The officials concurred with our audit findings. The official response has been made part of this report and is on page 6.

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF  
FORT WAYNE URBAN LEAGUE, INC.  
ALLEN COUNTY  
OFFICIAL RESPONSE**

PAYROLL TAXES

The School concurs with the finding regarding the nonpayment of social security taxes. American Quality Schools (“AQS”), as agent for the Board of Directors of Thurgood Marshall Leadership Academy (“TMLA”), has the obligation to correctly withhold, report and pay to the Internal Revenue Service the social security taxes withheld from employees and the associated employer match. As indicated in the finding, social security taxes for certain AQS employees of TMLA were not appropriately withheld and paid. AQS recognizes its responsibility and liability in this matter and will be contacting the IRS to discuss the issue, the amount owed and arrange for a payment plan to resolve the issue. Fort Wayne Urban League, Inc. and its Board have no liability or responsibility for payment in this matter.

ALL OTHER FINDINGS

The School concurs with all other findings and will work with the management company to resolve those issues.