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December 20, 2016

Charter School Board
Thurgood Marshall Academy
2310 Weisser Park Avenue
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, 2015 to June 30, 2016. 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 Academy, as of June 30, 2016, 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 the Thurgood Marshall Academy, 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

Paul D. Joyce, CPA
State Examiner

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

FINANCIAL STATEMENTS

Years Ended June 30, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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.

Dulin, Wardle & Dowell, Inc.

Fort Wayne, Indiana
December 6, 2016

THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 276,867	$ 150,572
Receivables:		
Trade	-	1,772
Claims	7,192	7,917
Management company	23,596	23,596
Prepaid expenses	6,338	7,097
Total Current Assets	313,993	190,954
PROPERTY AND EQUIPMENT - NET	171,045	243,624
OTHER ASSETS		
Cash restricted for long-term investment	6,989	6,989
Total Assets	$ 492,027	$ 441,567
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term liabilities	$ 16,502	$ 22,223
Accounts payable	11,068	16,626
Advance - Fort Wayne Urban League, Inc.	-	558
Payroll deductions and accruals	88,624	87,201
Total Current Liabilities	116,194	126,608
LONG-TERM LIABILITIES		
Note payable	49,507	68,647
Current portion	16,502	22,223
	33,005	46,424
Capital lease payable	-	3,082
Total Long-Term Liabilities	33,005	49,506
Total Liabilities	149,199	176,114
Net assets:		
Unrestricted	335,839	258,464
Temporarily restricted	6,989	6,989
Total Net Assets	342,828	265,453
Total Liabilities and Net Assets	$ 492,027	$ 441,567

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, 2016 and 2015

	Unrestricted	Temporarily Restricted	2016 Total	Unrestricted	Temporarily Restricted	2015 Total
CHANGES IN NET ASSETS						
Support and Revenues:						
Contributions	$ 4,097	$ -	$ 4,097	$ 3,976	$ -	$ 3,976
Government grants	1,209,374	-	1,209,374	1,038,303	-	1,038,303
School lunch program	627	-	627	1,756	-	1,756
Student fees	2,247	-	2,247	967	-	967
Miscellaneous	779	-	779	8,451	-	8,451
Total Support and Revenues	1,217,124	-	1,217,124	1,053,453	-	1,053,453
Expenses:						
School	938,073	-	938,073	891,007	-	891,007
Management and general	201,676	-	201,676	208,159	-	208,159
Total Expenses	1,139,749	-	1,139,749	1,099,166	-	1,099,166
CHANGE IN NET ASSETS	77,375	-	77,375	(45,713)	-	(45,713)
NET ASSETS - beginning of year	258,464	6,989	265,453	304,177	6,989	311,166
NET ASSETS - end of year	$ 335,839	$ 6,989	$ 342,828	$ 258,464	$ 6,989	$ 265,453

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, 2016

	School	Management and General	Total Expenses
Salaries	$ 324,842	$ 89,625	$ 414,467
Employee health and retirement benefits	69,830	12,868	82,698
Payroll taxes	31,203	6,825	38,028
Total Salaries and Related Expenses	425,875	109,318	535,193
Professional fees:			
Management	-	79,713	79,713
Food service	47,764	-	47,764
Other	21,080	2,575	23,655
Accounting	-	7,968	7,968
Food	78,729	-	78,729
Transportation	70,592	1,461	72,053
Repairs and maintenance	66,085	-	66,085
Occupancy	59,213	-	59,213
Supplies	27,530	-	27,530
Information technology	22,945	-	22,945
Insurance	10,511	-	10,511
Dues and fees	6,497	-	6,497
Printing	5,972	-	5,972
Advertising	3,456	-	3,456
Training	2,887	-	2,887
Equipment rental	2,277	-	2,277
Telephone	1,068	600	1,668
Postage and shipping	1,360	41	1,401
Interest	389	-	389
Awards and grants	300	-	300
Textbooks	225	-	225
Total Expenses Before Depreciation	854,755	201,676	1,056,431
Depreciation	83,318	-	83,318
Total Expenses	$ 938,073	$ 201,676	$ 1,139,749

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, 2015

	School	Management and General	Total Expenses
Salaries	$ 289,304	$ 92,872	$ 382,176
Employee health and retirement benefits	65,098	13,200	78,298
Payroll taxes	27,977	7,466	35,443
Total Salaries and Related Expenses	382,379	113,538	495,917
Professional fees:			
Management	-	73,931	73,931
Food service	45,785	-	45,785
Other	8,890	1,440	10,330
Accounting	-	16,465	16,465
Food	70,509	-	70,509
Transportation	61,646	2,379	64,025
Repairs and maintenance	70,520	-	70,520
Occupancy	62,876	-	62,876
Supplies	35,550	-	35,550
Information technology	30,648	-	30,648
Insurance	7,857	-	7,857
Dues and fees	3,410	-	3,410
Printing	5,594	-	5,594
Advertising	1,472	-	1,472
Training	6,991	-	6,991
Equipment rental	3,567	-	3,567
Telephone	807	400	1,207
Postage and shipping	1,138	6	1,144
Interest	1,025	-	1,025
Awards and grants	163	-	163
Textbooks	1,008	-	1,008
Total Expenses Before Depreciation	801,835	208,159	1,009,994
Depreciation	89,172	-	89,172
Total Expenses	$ 891,007	$ 208,159	$ 1,099,166

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, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 77,375	$ (45,713)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	83,318	89,172
Changes in assets and liabilities:		
(Increase) decrease in:		
Trade receivables	1,772	(1,772)
Claims receivable	725	43,996
Prepaid expenses	759	1,219
Increase (decrease) in:		
Accounts payable	(8,195)	(69,162)
Payroll deductions and accruals	1,423	(3,076)
Cash Flows From Operating Activities	157,177	14,664
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(10,739)	(9,466)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in advance payable	(558)	(2,267)
Payments on capital lease	(3,082)	(19,803)
Proceeds from note payable	-	21,909
Payments on note payable	(16,503)	(35,773)
Cash Flows From Financing Activities	(20,143)	(35,934)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	126,295	(30,736)
CASH AND CASH EQUIVALENTS - beginning of year	150,572	181,308
CASH AND CASH EQUIVALENTS - end of year	$ 276,867	$ 150,572

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

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.

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 December 6, 2016, the date which the financial statements were available for issue.

2. PROPERTY AND EQUIPMENT

Property and equipment is detailed as follows:

	2016	2015
Structures and improvements	$ 127,324	$ 116,585
Furniture and fixtures	103,491	103,491
Equipment	217,996	217,996
	448,811	438,072
Accumulated depreciation	277,766	194,448
	$ 171,045	$ 243,624

3. NOTE PAYABLE

The note payable to Food Service Providers in the amount of $49,507 at June 30, 2016 and $68,647 at June 30, 2015 is due in quarterly installments of $4,126, is non-interest bearing and is unsecured. The note is due June 30, 2019.

Maturities on the notes as of June 30, 2016:

2017	$ 16,502
2018	$ 16,502
2019	$ 16,503

4. CAPITAL LEASE

The Academy leases computer equipment from Dell. The lease, which is accounted for as a capital lease, was paid in full in August 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.

(continued)

4. CAPITAL LEASE (continued)

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

	2016	2015
Equipment	$ 55,631	$ 55,631
Accumulated depreciation	43,578	32,452
	$ 12,053	$ 23,179

The amount of interest charged to operations was $389 in 2016 and $1,025 in 2015.

5. NET ASSETS

Temporarily restricted net assets of $6,989 at June 30, 2016 and 2015 are restricted for playground equipment.

6. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES

Cash used in operating activities includes interest paid of $389 for 2016 and $1,025 for 2015.

Noncash investing and financing activities include accounts payable of $73,601 converted to a note payable in 2015 and a note payable of $2,637 converted to accounts payable in 2016.

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 $4,124 for 2016 and $5,476 for 2015.

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 $26,420 for 2016 and $24,124 for 2015.

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 $73,206 for 2016 and $64,974 for 2015.

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 $6,507 for 2016 and $8,957 for 2015.

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 $36,787 for 2016 and $35,035 for 2015.

In addition, the Academy leases office equipment under an operating lease expiring November 2018. Total rental expense under the noncancelable lease was $3,915 for 2016 and $4,770 for 2015.

Minimum future rental payments, exclusive of renewal options, under the noncancelable operating leases as of June 30, 2016 for each of the next five years and in the aggregate are as follows:

2017	$ 41,626
2018	6,232
2019	1,250
2020	-
2021 and thereafter	-
Total lease commitments	$ 49,108

12. RELATED PARTY

The accounts receivable – management company in the amount of $23,596 at June 30, 2016 and 2015 is due from American Quality Schools for reimbursement of expenses.

13. SUBSEQUENT EVENT

In September 2016, the Academy entered into an agreement with a bus company for student transportation services. The one-year agreement, which is effective September 14, 2016, automatically renews for four additional one year terms. Payment under the agreement is as follows: $320 per day for years one and two, $325 per day for year three, $330 per day for year four and $335 per day for year five. Based on a 180-day school year with two buses, the approximate cost of the basic service ranges from $115,200 in year one to $120,600 in year five. Additional hours in excess of 5 hours per day is billed at $60 per hour. In addition, the Academy is to reimburse the transportation company for fuel costs in excess of $2.50 per gallon.

THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.
SCHEDULES OF GOVERNMENTAL FUNDS RECEIVED
For the Years Ended June 30, 2016 and 2015

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	2016 Revenue Recognized	2015 Revenue Recognized
U.S. Department of Education:			
Passed through the Indiana Department of Education:			
Charter Schools - Program grant	84.282	$ -	$ 30,298
Title I Grants to Local Educational Agencies	84.010	61,502	73,892
Special Education - Grants to States (IDEA, Part B)	84.027A	26,048	26,921
Improving Teacher Quality (Title II, Part A)	84.367	4,684	-
U.S. Department of Agriculture:			
Passed through Food Service Professionals:			
Child and Adult Care Food Program	10.558	114,764	92,018
TOTAL FEDERAL GRANTS RECEIVED		206,998	223,129
Indiana Department of Education:			
Basic grant		888,177	718,304
Charter innovation network grant		60,000	-
Special education grant		26,900	18,476
High ability grant		12,000	-
Textbook reimbursements		10,026	-
State connectivity fund grant		2,244	-
Teacher performance grant		2,132	2,240
Formative assessment grant		611	-
School lunch - state match		286	209
Full day kindergarten grant		-	75,396
Preventative remediation grant		-	549
TOTAL STATE GRANTS RECEIVED		1,002,376	815,174
TOTAL GOVERNMENT FUNDS RECEIVED		$ 1,209,374	$ 1,038,303

See independent auditors' report.

THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF
FORT WAYNE URBAN LEAGUE, INC.
OTHER REPORTS
June 30, 2016

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.*