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January 5, 2018


Charter School Board  
Thurgood Marshall Leadership Academy  
2310 Weisser Park Avenue  
Fort Wayne, IN 46803

We have reviewed the report prepared by Thurgood Marshall Leadership Academy and opined upon by Dulin, Ward & DeWald, Inc., Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Thurgood Marshall Leadership Academy as of June 30, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Dulin, Ward & DeWald, Inc. prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report for Thurgood Marshall Leadership 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, CPA  
State Examiner

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

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2017 and 2016**

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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, 2017 and 2016, 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.

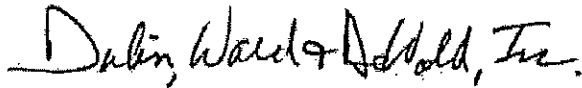
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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, 2017 and 2016, 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  
December 13, 2017

**THURGOOD MARSHALL LEADERSHIP ACADEMY,  
A PROGRAM OF FORT WAYNE URBAN LEAGUE, INC.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2017 and 2016**

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 374,352	\$ 276,867
Receivables:		
Claims	5,723	7,192
Management company	23,596	23,596
Prepaid expenses	26,348	6,338
	<hr/>	<hr/>
<b>Total Current Assets</b>	430,019	313,993
<b>PROPERTY AND EQUIPMENT - NET</b>	97,661	171,045
<b>OTHER ASSETS</b>		
Cash restricted for long-term investment	6,989	6,989
	<hr/>	<hr/>
<b>Total Assets</b>	<u>\$ 534,669</u>	<u>\$ 492,027</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long-term liabilities	\$ 16,502	\$ 16,502
Accounts payable	6,404	11,068
Payroll deductions and accruals	97,545	88,624
	<hr/>	<hr/>
<b>Total Current Liabilities</b>	120,451	116,194
<b>LONG-TERM LIABILITIES</b>		
Note payable	33,004	49,507
Current portion	16,502	16,502
	<hr/>	<hr/>
<b>Total Long-Term Liabilities</b>	16,502	33,005
<b>Total Liabilities</b>	136,953	149,199
Net assets:		
Unrestricted	390,727	335,839
Temporarily restricted	6,989	6,989
	<hr/>	<hr/>
<b>Total Net Assets</b>	397,716	342,828
	<hr/>	<hr/>
<b>Total Liabilities and Net Assets</b>	<u>\$ 534,669</u>	<u>\$ 492,027</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, 2017 and 2016

	Unrestricted	Temporarily Restricted	2017 Total	Unrestricted	Temporarily Restricted	2016 Total
<b>CHANGES IN NET ASSETS</b>						
<b>Support and Revenues:</b>						
Contributions	\$ 1,994	\$ -	\$ 1,994	\$ 4,097	\$ -	\$ 4,097
Government grants	1,477,546	-	1,477,546	1,209,374	-	1,209,374
School lunch program	536	-	536	627	-	627
Student fees	2,643	-	2,643	2,247	-	2,247
Miscellaneous	3,635	-	3,635	779	-	779
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Support and Revenues</b>	1,486,354	-	1,486,354	1,217,124	-	1,217,124
<b>Expenses:</b>						
School	1,177,393	-	1,177,393	938,073	-	938,073
Management and general	254,073	-	254,073	201,676	-	201,676
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Expenses</b>	1,431,466	-	1,431,466	1,139,749	-	1,139,749
<b>CHANGE IN NET ASSETS</b>	54,888	-	54,888	77,375	-	77,375
<b>NET ASSETS - beginning of year</b>	335,839	6,989	342,828	258,464	6,989	265,453
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS - end of year</b>	\$ 390,727	\$ 6,989	\$ 397,716	\$ 335,839	\$ 6,989	\$ 342,828
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

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, 2017

	School	Management and General	Total Expenses
Salaries	\$ 426,722	\$ 94,806	\$ 521,528
Employee health and retirement benefits	76,965	15,875	92,840
Payroll taxes	36,358	7,298	43,656
	<hr/>	<hr/>	<hr/>
<b>Total Salaries and Related Expenses</b>	540,045	117,979	658,024
Professional fees:			
Management	-	98,382	98,382
Food service	53,291	-	53,291
Other	20,504	5,968	26,472
Accounting	-	24,736	24,736
Transportation	138,355	6,321	144,676
Food	87,258	-	87,258
Repairs and maintenance	81,836	-	81,836
Occupancy	66,292	-	66,292
Supplies	31,894	-	31,894
Information technology	26,349	-	26,349
Insurance	21,102	-	21,102
Printing	6,776	-	6,776
Dues and fees	6,242	-	6,242
Awards and grants	2,526	-	2,526
Equipment rental	2,398	-	2,398
Postage and shipping	2,184	87	2,271
Telephone	1,375	600	1,975
Advertising	1,687	-	1,687
Training	262	-	262
Textbooks	93	-	93
	<hr/>	<hr/>	<hr/>
<b>Total Expenses Before Depreciation</b>	1,090,469	254,073	1,344,542
Depreciation	86,924	-	86,924
	<hr/>	<hr/>	<hr/>
<b>Total Expenses</b>	<b>\$ 1,177,393</b>	<b>\$ 254,073</b>	<b>\$ 1,431,466</b>

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	<u>31,203</u>	<u>6,825</u>	<u>38,028</u>
<b>Total Salaries and Related Expenses</b>	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
Transportation	70,592	1,461	72,053
Food	78,729	-	78,729
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
Printing	5,972	-	5,972
Dues and fees	6,497	-	6,497
Awards and grants	300	-	300
Equipment rental	2,277	-	2,277
Postage and shipping	1,360	41	1,401
Telephone	1,068	600	1,668
Advertising	3,456	-	3,456
Training	2,887	-	2,887
Textbooks	225	-	225
Interest	<u>389</u>	<u>-</u>	<u>389</u>
<b>Total Expenses Before Depreciation</b>	854,755	201,676	1,056,431
Depreciation	<u>83,318</u>	<u>-</u>	<u>83,318</u>
<b>Total Expenses</b>	<u>\$ 938,073</u>	<u>\$ 201,676</u>	<u>\$ 1,139,749</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, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 54,888	\$ 77,375
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	86,924	83,318
Changes in assets and liabilities:		
(Increase) decrease in:		
Trade receivables	-	1,772
Claims receivable	1,469	725
Prepaid expenses	(20,010)	759
Increase (decrease) in:		
Accounts payable	(4,664)	(8,195)
Payroll deductions and accruals	8,921	1,423
	127,528	157,177
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(13,540)	(10,739)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Change in advance payable	-	(558)
Payments on capital lease	-	(3,082)
Payments on note payable	(16,503)	(16,503)
	(16,503)	(20,143)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	97,485	126,295
<b>CASH AND CASH EQUIVALENTS - beginning of year</b>	276,867	150,572
<b>CASH AND CASH EQUIVALENTS - end of year</b>	\$ 374,352	\$ 276,867

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, 2017 and 2016

**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 13, 2017, the date which the financial statements were available for issue.

**2. PROPERTY AND EQUIPMENT**

Property and equipment is detailed as follows:

	2017	2016
Structures and improvements	\$ 127,324	\$ 127,324
Furniture and fixtures	106,977	103,491
Equipment	<u>228,050</u>	<u>217,996</u>
	462,351	448,811
Accumulated depreciation	<u>364,690</u>	<u>277,766</u>
	<u>\$ 97,661</u>	<u>\$ 171,045</u>

**3. NOTE PAYABLE**

The note payable to Food Service Providers in the amount of \$33,004 at June 30, 2017 and \$49,507 at June 30, 2016 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, 2017:

2018	\$ 16,502
2019	\$ 16,502

**4. NET ASSETS**

Temporarily restricted net assets of \$6,989 at June 30, 2017 and 2016 are restricted for playground equipment.

**5. STATEMENT OF CASH FLOWS SUPPLEMENTAL DISCLOSURES**

Cash used in operating activities includes interest paid of \$389 for 2016.

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

**6. 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.

**7. 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.

**8. 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 \$30,232 for 2017 and \$26,420 for 2016.

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.

**9. 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 expired June 30, 2017. Fees incurred under the contract totaled \$91,200 for 2017 and \$73,206 for 2016.

(continued)

**9. MANAGEMENT AND OVERSIGHT FEES (continued)**

In May 2017, a new agreement was signed with American Quality Schools to continue the services provided to the Academy. The new contract commenced July 1, 2017 and expires June 30, 2020 and calls for payment of 10% of state revenues for services provided.

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 \$7,182 for 2017 and \$6,507 for 2016.

As of July 1, 2017 the charter under which the Academy operates has been transferred to Fort Wayne Urban League Center for Education, Incorporated, a separate 501(c)(3) organization that Fort Wayne Urban League, Inc. does not control.

**10. OPERATING LEASE**

The Academy leases its operating facilities under an operating lease that expired July 2017. Total rental expense under the noncancelable lease was \$38,626 for 2017 and \$36,787 for 2016.

In addition, the Academy leases office equipment under an operating lease expiring November 2018. Total rental expense under the noncancelable lease was \$4,461 for 2017 and \$3,915 for 2016.

Minimum future rental payments, exclusive of renewal options, under the noncancelable operating leases as of June 30, 2017 for each of the next five years and in the aggregate are as follows:

2018	\$	6,232
2019		1,250
2020		-
2021 and thereafter		-
Total lease commitments	\$	<u>7,482</u>

**11. RELATED PARTY**

The accounts receivable – management company in the amount of \$23,596 at June 30, 2017 and 2016 is due from American Quality Schools for reimbursement of expenses.

**THURGOOD MARSHALL LEADERSHIP ACADEMY,  
A PROGRAM OF FORT WAYNE URBAN LEAGUE, INC.  
SCHEDULES OF GOVERNMENTAL FUNDS RECEIVED**

For the Years Ended June 30, 2017 and 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	2017 Revenue Recognized	2016 Revenue Recognized
U.S. Department of Education:			
Passed through the Indiana Department of Education:			
Title I Grants to Local Educational Agencies	84.010	\$ 82,454	\$ 61,502
Special Education - Grants to States (IDEA, Part B)	84.027A	31,490	26,048
Improving Teacher Quality (Title II, Part A)	84.367	4,765	4,684
U.S. Department of Agriculture:			
Passed through Food Service Professionals:			
Child and Adult Care Food Program	10.558	<u>132,634</u>	<u>114,764</u>
<b>TOTAL FEDERAL GRANTS RECEIVED</b>		251,343	206,998
Indiana Department of Education:			
Basic grant		1,139,996	888,177
Charter innovation network grant		79,000	60,000
Summer school grant		6,944	-
Special education grant		-	26,900
High ability grant		-	12,000
Textbook reimbursements		-	10,026
State connectivity fund grant		-	2,244
Teacher performance grant		-	2,132
Formative assessment grant		-	611
School lunch - state match		<u>263</u>	<u>286</u>
<b>TOTAL STATE GRANTS RECEIVED</b>		<u>1,226,203</u>	<u>1,002,376</u>
<b>TOTAL GOVERNMENT FUNDS RECEIVED</b>		<u><u>\$1,477,546</u></u>	<u><u>\$1,209,374</u></u>

See independent auditors' report.

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

June 30, 2017

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*.