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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 Supplemental Audit Report for Thurgood Marshall Leadership Academy prepared by Dulin, Ward & DeWald, Inc., Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. 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 is on page 6.

The Supplemental Audit Report and associated audited Financial Statements 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, 2016 to June 30, 2017**

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**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF  
FORT WAYNE URBAN LEAGUE, INC.  
SCHOOL OFFICIALS  
Year ended June 30, 2017**

<b>OFFICE</b>	<b>OFFICIAL</b>	<b>TERM</b>
Treasurer	Willie Lipsey	07/01/16 to 06/30/17
Principal	Tameka Wilson	07/01/16 to 06/30/17
Chairman of the School Board	Leroy Jackson	07/01/16 to 06/30/17



Dulin, Ward & DeWald, Inc.  
CPAs & ADVISORS

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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, 2016 to June 30, 2017, 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, 2017.

Fort Wayne, Indiana  
December 13, 2017

**THURGOOD MARSHALL LEADERSHIP ACADEMY, A PROGRAM OF  
FORT WAYNE URBAN LEAGUE, INC.  
ALLEN COUNTY  
AUDIT RESULTS AND COMMENTS  
Year ended June 30, 2017**

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

The school receives cash payments for various purposes, including fundraisers and activity fees. Of 46 deposits tested totaling \$3,473, nine deposits totaling \$438.50 were not deposited within one business day of receiving the funds.

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. 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)

(continued)

**2. Payroll Taxes (continued)**

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)

**3. Cash Transactions**

On January 27, 2017 the school collected \$75 in cash from students, receipted the students for this cash and made a deposit with the bank. The deposit ticket from the bank seems to indicate that the bank was presented \$75, however, the bank only deposited \$25 into the school's account. There was no count sheet or other documentation that would enable us to determine if this was a bank error or whether cash was returned by the bank to be used for cash payment of a school expense. Because the cash recorded on the school's books was entered from the bank deposit slip instead of from the receipts or count sheet, the bank reconciliation did not catch this discrepancy.

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)

**4. Average Daily Membership (ADM) Count**

Records maintained that substantiate the ADM count showed total of 157 students while the signed submission showed 158.

The Organizer shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9 – General Information and Statutory Citations)

**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 13, 2017 with:

Leroy Jackson – Chairman of the Board  
Paula McGee – Interim CEO, Fort Wayne Urban League, Inc.  
Andella Starks – Board Member  
Delois McKinley-Eldrige – Board Member  
Etse Mulugeta – Director of Finance, Fort Wayne Urban League, Inc.

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

**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.

OTHER FINDING

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