

Thurgood Marshall Academy

Report to the Audit Committee
October 30, 2015





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October 30, 2015

Audit Committee
Thurgood Marshall Academy
2427 Martin Luther King Jr. Avenue, SE
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Attention: Audit Committee

We are pleased to present this report related to our audit of the financial statements of Thurgood Marshall Academy (the Academy) for the year ended June 30, 2015. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Academy's financial reporting process.

This report is intended solely for the information and use of the Audit Committee and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the Academy.

RSM US LLP

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Required Communications

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	<p>Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> have been described to you in our arrangement letter dated July 17, 2015. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.</p>
Overview of the Planned Scope and Timing of the Financial Statement Audit	<p>We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.</p>
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Academy. The Academy did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.</p> <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.</p>
Audit Adjustments	<p>There were no audit adjustments made to the original trial balance presented to us to begin our audit.</p>
Uncorrected Misstatements	<p>We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.</p>

Area	Comments
Disagreements With management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the consolidated financial statements.
Consultations With Other Accountants	Other than the use of the outsourced accounting firm, we are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Significant Written Communications Between Management and our Firm	Copies of significant written communications between our firm and the management of the Academy, including the representation letter provided to us by management, are attached as Exhibit A.

Thurgood Marshall Academy

Summary of Significant Accounting Estimates

Year Ended June 30, 2015

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Academy's June 30, 2015, consolidated financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Property and equipment	Property and equipment are recorded at cost, if purchased, or fair value at the time of the gift, if donated. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.	Management reviews the lives and methods used and compares to prior year lives and methods used.	We reviewed the property and equipment listing, specifically the useful lives assigned to the assets. We analytically reviewed the relationship between depreciation expense, and the property and equipment balance.
In-kind contributions	The Academy records donated services as contributions, if the services (a) create or enhance non-financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Academy.	Management reviews the basis of the value provided for services, particularly the ones requiring specialized skills, and records the pro bono services rendered based on the fair value of the services provided.	RSM reviewed supporting documentation for in-kind contributions selected for testing including valuation of donated services by the service providers. RSM also confirmed the value of a material in-kind contribution directly with the third party. Management's estimation process appears reasonable.

Exhibit A—Significant Written Communications Between Management and Our Firm



Public Charter High School

October 30, 2015

RSM US LLP
1501 M Street, N.W., Suite 340
Washington, DC 20008

RSM Staff:

This representation letter is provided in connection with your audits of the consolidated financial statements of Thurgood Marshall Academy (the Academy) which comprise the consolidated balance sheets as of June 30, 2015 and 2014 and the related consolidated statements of activities and cash flows, for the years then ended, and the related notes to the consolidated financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of October 30, 2015:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated July 17, 2015, for the preparation and fair presentation of the consolidated financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. There are no events subsequent to the date of the financial statements requiring adjustment to or disclosure in the consolidated financial statements.
7. There are no known actual or possible litigation or claims requiring disclosure in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the consolidated financial statements:
 - a. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances (2014).

- b. Security agreements in effect under the Uniform Commercial Code.
 - c. Liabilities that are subordinated to any other actual or possible liabilities of the Academy.
 - d. Our tax status. In this regard, we have evaluated the tax positions under the two-step approach for recognition and measurement of uncertain tax positions required by the Income Taxes Topic of the FASB Accounting Standards Codification.
 - e. All recordable contributions, by appropriate net asset class.
 - f. Reclassifications between net asset classes.
 - g. Allocations of functional expenses based on reasonable basis.
 - h. Deferred revenue from exchange transactions.
 - i. Concentrations of credit risk.
 - j. Derivative financial instruments
9. We have no knowledge of any uncorrected misstatements in the consolidated financial statements.

Information Provided

10. We have provided you with:
- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Academy from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All transactions have been recorded in the accounting records and are reflected in the consolidated financial statements.
12. We have disclosed to you the results of our assessment of risk that the consolidated financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of allegations of fraud or suspected fraud, affecting the Academy's consolidated financial statements involving:
- a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the consolidated financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Academy's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
15. We have complied with all aspects of contractual agreements, grants, and donor restrictions that would have a material effect on the consolidated financial statements.
16. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.

17. We have disclosed to you the identity of the Academy's related parties and all the related-party relationships and transactions of which we are aware.
18. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the entity's ability to record, process, summarize, and report financial data.
19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Supplementary Information

20. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America and the requirements of OMB Circular A-133, as applicable.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplementary information is not presented with the audited financial statements, we will make the audited consolidated financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
21. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm:

22. Management is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Academy.
23. There are no instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
24. There are no instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
25. There are no instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
26. Management is not aware of any fraud; noncompliance with provisions of laws, regulations, contracts, and grant agreements; or abuse.

27. Management has a process to track the status of audit findings and recommendations.
28. Management has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
29. Management acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services

In connection with your audit of federal awards conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, we confirm:

30. Management is responsible for complying, and has complied, with the requirements of Circular A-133.
31. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
32. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its federal programs.
33. Management has prepared the schedule of expenditures of federal awards in accordance with Circular A-133 and has included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
34. Management has identified and disclosed to the auditor the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
35. Management has made available all contracts and grant agreements (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
36. Management has not identified any amounts questioned or know of any noncompliance with the direct and material compliance requirements of federal awards.
37. Management believes that the auditee has complied with the direct and material compliance requirements.
38. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

39. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
40. Management is not aware any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements. Management has not received any communications from the end of the period covered by the compliance audit to the date of the auditor's report.
41. Management is responsible for taking corrective action on any audit findings of the compliance audit.
42. Management has provided the auditor with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
43. Management has not identified any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
44. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or states that there were no such known instances.
45. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the date as of which compliance is audited.
46. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
47. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
48. Management has charged costs to federal awards in accordance with applicable cost principles.
49. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings.
50. Management has accurately completed the appropriate sections of the data collection form.
51. Management has disclosed all contracts or other agreements with service organizations.

Thurgood Marshall Academy And Subsidiary



Richard Pohlman
Executive Director



David Schlossman
Chief Operating Officer