

# **Thurgood Marshall Academy**

Financial Report  
June 30, 2018

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RSM US LLP

## Independent Auditor's Report

To the Board of Trustees  
Thurgood Marshall Academy

### Report on the Financial Statements

We have audited the accompanying financial statements of Thurgood Marshall Academy (the Academy), which comprise the balance sheets as of June 30, 2018 and 2017, the related statements of activities 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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditor's 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 Academy as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our reports, dated November 2, 2018, and November 1, 2017, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

*RSM US LLP*

Washington, D.C.  
November 2, 2018

**Thurgood Marshall Academy**

**Balance Sheets  
June 30, 2018 and 2017**

	2018	2017
<b>Assets</b>		
Current assets:		
Cash	\$ 4,288,938	\$ 4,363,696
Grants receivable	425,981	454,435
Prepaid expenses	83,936	70,424
<b>Total current assets</b>	<b>4,798,855</b>	4,888,555
Property and equipment, net (Note 2)	<b>10,691,466</b>	11,120,750
	<b>\$ 15,490,321</b>	<b>\$ 16,009,305</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 163,291	\$ 191,627
Accrued salaries and benefits	259,324	293,333
Loan payable, current portion (Note 3)	-	121,307
Deferred contract revenue – tuition	-	2,001
<b>Total current liabilities</b>	<b>422,615</b>	608,268
Long-term debt:		
Loan payable, long-term portion, net of issuance costs (Note 3)	-	792,018
Interest rate swap agreement (Note 4)	-	26,086
	-	818,104
	<b>422,615</b>	1,426,372
Commitments and contingencies (Note 6)		
Net assets:		
Unrestricted	15,025,137	14,492,076
Temporarily restricted (Note 5)	42,569	90,857
	<b>15,067,706</b>	14,582,933
	<b>\$ 15,490,321</b>	<b>\$ 16,009,305</b>

See notes to financial statements.

## Thurgood Marshall Academy

### Statements of Activities Years Ended June 30, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and revenue:						
Tuition – per-pupil funding allocation (Note 7)	\$ 7,725,645	\$ -	\$ 7,725,645	\$ 7,141,756	\$ -	\$ 7,141,756
Federal entitlements	951,502	-	951,502	1,009,358	-	1,009,358
Free and reduced lunch program	78,778	-	78,778	72,624	-	72,624
Grants, donations and other fundraising activities (Note 8)	975,925	61,247	1,037,172	907,535	296,628	1,204,163
Other revenue	100,950	-	100,950	50,787	-	50,787
Net assets released from restrictions	109,535	(109,535)	-	307,454	(307,454)	-
<b>Total support and revenue</b>	<b>9,942,335</b>	<b>(48,288)</b>	<b>9,894,047</b>	<b>9,489,514</b>	<b>(10,826)</b>	<b>9,478,688</b>
Expenses:						
Program services:						
Education:						
Instructional	7,248,743	-	7,248,743	7,205,983	-	7,205,983
Support services:						
Occupancy costs	730,624	-	730,624	714,860	-	714,860
Depreciation expense	525,826	-	525,826	519,854	-	519,854
Debt service cost	132,813	-	132,813	18,174	-	18,174
	<b>8,638,006</b>	<b>-</b>	<b>8,638,006</b>	<b>8,458,871</b>	<b>-</b>	<b>8,458,871</b>
Management and general:						
General and administrative	356,616	-	356,616	312,034	-	312,034
Fundraising	414,652	-	414,652	423,126	-	423,126
	<b>771,268</b>	<b>-</b>	<b>771,268</b>	<b>735,160</b>	<b>-</b>	<b>735,160</b>
<b>Total expenses</b>	<b>9,409,274</b>	<b>-</b>	<b>9,409,274</b>	<b>9,194,031</b>	<b>-</b>	<b>9,194,031</b>
<b>Change in net assets</b>	<b>533,061</b>	<b>(48,288)</b>	<b>484,773</b>	<b>295,483</b>	<b>(10,826)</b>	<b>284,657</b>
Net assets:						
Beginning	14,492,076	90,857	14,582,933	14,196,593	101,683	14,298,276
Ending	<b>\$15,025,137</b>	<b>\$ 42,569</b>	<b>\$15,067,706</b>	<b>\$14,492,076</b>	<b>\$ 90,857</b>	<b>\$14,582,933</b>

See notes to financial statements.

**Thurgood Marshall Academy**

**Statements of Cash Flows**  
**Years Ended June 30, 2018 and 2017**

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 484,773	\$ 284,657
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	563,295	553,437
Amortization of loan issuance costs	19,661	19,661
Gain on interest rate swap	(33,686)	(54,971)
Loss on loan extinguishment	111,412	-
Changes in assets and liabilities:		
Decrease (increase) in:		
Grants receivable	28,454	(106,931)
Prepaid expenses	(13,512)	4,336
(Decrease) increase in:		
Accounts payable and accrued expenses	(28,336)	(567)
Accrued salaries and benefits	(34,009)	(290)
Deferred contract revenue – tuition	(2,001)	2,001
<b>Net cash provided by operating activities</b>	<b>1,096,051</b>	<b>701,333</b>
Cash flows from investing activities:		
Purchases of property and equipment	(134,011)	(137,922)
<b>Net cash used in investing activities</b>	<b>(134,011)</b>	<b>(137,922)</b>
Cash flows from financing activities:		
Principal payments on loan payable	(1,044,398)	(115,506)
Receipt from termination of interest rate swap	7,600	-
<b>Net cash used in financing activities</b>	<b>(1,036,798)</b>	<b>(115,506)</b>
<b>Net (decrease) increase in cash</b>	<b>(74,758)</b>	<b>447,905</b>
Cash:		
Beginning	4,363,696	3,915,791
Ending	<b>\$ 4,288,938</b>	<b>\$ 4,363,696</b>
Supplemental disclosure of cash flow information:		
Cash payments for interest	<b>\$ 45,215</b>	<b>\$ 54,659</b>

See notes to financial statements.

## Thurgood Marshall Academy

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies

**Nature of activities:** Thurgood Marshall Academy d/b/a Thurgood Marshall Academy Public Charter High School (TMA or the Academy) is a not-for-profit entity incorporated on May 24, 2000, under the laws of the District of Columbia. TMA is a District of Columbia public charter school for grades 9 through 12.

A summary of significant accounting policies follows:

**Basis of accounting:** The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby unconditional support is recognized when received, revenue is recognized when earned and expenses are recognized when incurred.

**Basis of presentation:** The financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) Account Standards Codification (the Codification). As required by the Not-for-Profit Entities Topic of the Codification, the Academy is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Academy had no permanently restricted net assets at June 30, 2018 and 2017.

**Charter school agreement:** TMA has been approved by the District of Columbia Public Charter School Board to operate a charter school in the District of Columbia. The current contract, renewed on January 27, 2016, provides for a 15-year charter.

**Financial risk:** The Academy maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Academy has not experienced any losses in such accounts. The Academy believes it is not exposed to any significant financial risk on cash.

**Receivables:** Receivables are carried at original invoice amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and using the historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. No allowance was deemed necessary for receivables at June 30, 2018 and 2017.

**Property and equipment:** Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Donations are reported as unrestricted support, unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Academy reports expirations of donor temporary restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Academy reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is computed using primarily the straight-line method over the estimated useful life of the related asset, ranging from 3 to 40 years. Normal repairs and maintenance are expensed as incurred. The Academy capitalizes all property and equipment purchased with a cost of \$1,000 or more.



## Thurgood Marshall Academy

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Valuation of long-lived assets:** The Academy reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell.

**Loan issuance costs:** Loan issuance costs were amortized on the straight-line method over the term of the related loan payable and was presented as a reduction of loan payable. Amortization expense amounted to \$19,661 and \$19,661 for the years ended June 30, 2018 and 2017, respectively.

**Net assets:** Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Academy pursuant to these stipulations. Temporarily restricted net assets are reported as unrestricted net assets if the restrictions are met in the same period received. Net assets may be temporarily restricted for various purposes; such as use in future periods or use for specified purposes.

Temporarily restricted net assets were released from restrictions during the years ended June 30, 2018 and 2017, for various purposes, including after-school programs, college guidance, support for alumni in college, library materials, physical education and general operations. At June 30, 2018 and 2017, temporarily restricted net assets represented amounts restricted for specific education-related expenses.

**Per-pupil funding allocation:** TMA receives a student allocation from the District of Columbia to cover the cost of academic and facilities expenses. Per-pupil allocation revenue is recognized in the period when it is earned, which is the school year for which the allocation is made.

**Grants:** The Academy receives grants from federal agencies and private grantors for various purposes. The grants provide for the development and support of TMA's programs, materials and equipment. The Academy has accounted for the funds based on the fiscal year of the grants. Receivables related to grant awards (for conditional awards and exchange transactions) are recorded to the extent unreimbursed expenses have been incurred for the purposes specified by an approved grant or award. Funds received in advance of qualifying expenses at June 30 are reflected as refundable advances or deferred contract revenue in the liability section of the balance sheets.

**Contributions:** Unconditional contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. There were no conditional contributions for the year ending June 30, 2018. Gifts in-kind are reported at their fair value at the date of the gift.

Contributions with donor-imposed restrictions are reported as temporarily restricted revenues and are reclassified to unrestricted net assets when the expense is incurred that satisfies the donor-imposed restriction. In the absence of donor stipulations, these contributions are reported as unrestricted net assets when the assets are placed in service.

**Recognition of salary expense:** Salary expense is recognized in the year the service is rendered, which coincides with an academic year. Salaries unpaid at June 30 are recognized as expense and accrued.

## Thurgood Marshall Academy

### Notes to Financial Statements

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#### **Note 1. Nature of Activities and Significant Accounting Policies (Continued)**

**Tax status:** TMA is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is not considered to be a private foundation. TMA is exempt from federal taxes on income other than unrelated business income. Effective January 1, 2018, TMA is now subject to unrelated business income tax on certain pre-tax employee benefits. Income tax expense for the year ended June 30, 2018 was insignificant. Exemption from District of Columbia income taxes was granted to TMA effective October 17, 2002. TMA is also exempt from District of Columbia's sales, real estate and personal property taxes.

The Academy follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Academy may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position, are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes and accounting in interim periods.

Management evaluated the Academy's tax positions and concluded that the Academy has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Generally, the Academy is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2015.

**Donated assets and services:** Donated services are recognized as contributions in accordance with the Not-for-Profit Entities Topic of the Codification 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. Volunteers have provided tutoring and fundraising services throughout the year that are not recognized as contributions in the financial statements, since the recognition criteria under this topic was not met.

Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair value at the date of donation.

**Use of estimates:** The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The Academy regularly assesses these estimates, and while actual results could differ, management believes that the estimates are reasonable.

**Functional allocation of expenses:** The costs of providing the Academy's various programs and supporting services have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs, fundraising and supporting services benefited.

**Subsequent events:** Subsequent events have been evaluated through November 2, 2018, which is the date the financial statements were available to be issued.

## Thurgood Marshall Academy

### Notes to Financial Statements

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#### Note 1. Nature of Activities and Significant Accounting Policies (Continued)

**Recent accounting pronouncements:** In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU make improvements to the information provided in financial statements and accompanying notes of not-for-profit entities. The amendments set forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance and cash flows. The ASU will be effective for fiscal years beginning after December 15, 2017. The changes in this ASU should generally be applied on a retrospective basis in the year that the ASU is first applied. Management is currently evaluating the impact of this ASU on the financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in accounting principles generally accepted in the United States of America (GAAP) when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. Early adoption is permitted. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. Management has not yet selected a transition method and is currently evaluating the effect that the ASU will have on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides additional guidance on characterizing grants and similar contracts with resource providers as either exchange transactions or contributions, as well as distinguishing between conditional contributions and unconditional contributions. The updated standard will be effective for annual reporting periods beginning after December 15, 2018 for resource recipients and a year later for resource providers. Management is currently evaluating the effect on its financial statements.

#### Note 2. Property and Equipment

Property and equipment consist of the following at June 30, 2018 and 2017:

	2018	2017
Asset category:		
Land	\$ 182,000	\$ 182,000
Buildings and improvements	15,153,489	15,117,497
Computers and software	1,185,844	1,124,116
Office furniture and equipment	944,043	907,752
	<u>17,465,376</u>	<u>17,331,365</u>
Less accumulated depreciation	(6,773,910)	(6,210,615)
	<u>\$ 10,691,466</u>	<u>\$ 11,120,750</u>

Depreciation expense was \$563,295 and \$553,437 for the years ended June 30, 2018 and 2017, respectively.

## **Thurgood Marshall Academy**

### **Notes to Financial Statements**

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#### **Note 2. Property and Equipment (Continued)**

In December 2004, the Academy purchased from the District of Columbia the property then known as the Nichols Avenue School, located at the corner of Howard Road and Martin Luther King, Jr. Avenue in Southeast D.C. The Academy's development of the property as its facility proceeded in two phases. In Phase 1, the Academy renovated and expanded the building as its instructional facility, while also conducting site work on the grounds and on the grounds of the adjacent A. Kiger Savoy Elementary School. In Phase 2, the Academy collaborated with Savoy and District of Columbia officials to renovate the Savoy building and construct an athletic center for use by both schools, as governed by a use agreement executed in June 2009 (the Academy invested \$1,785,737 in the project and received a \$1.5 million D.C. Council appropriation for it).

#### **Note 3. Loan Payable**

In March 2014, TMA entered into a term loan with SunTrust Bank totaling \$1,400,000 to finance general operations. The outstanding balance was payable in full in September 2024. For the year ended June 30, 2018, the interest rate on the loan was 4.43%. The total interest expense including amortization of loan issuance costs was \$61,875 and \$74,322 for the years ended June 30, 2018 and 2017, respectively. The Academy paid the outstanding balance in full during the fiscal year and recorded a loss on loan extinguishment of \$111,412 for the year ended June 30, 2018.

#### **Note 4. Interest Rate Swap Agreement**

In March 2014, the Academy entered into an interest rate swap agreement with SunTrust Bank for a notional amount equal to the obligation under the loan payable, whereby, the floating rate was swapped into a fixed rate. The Academy terminated this agreement on June 18, 2018, and recognized a gain of \$33,686 for the year ended June 30, 2018.

## Thurgood Marshall Academy

### Notes to Financial Statements

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#### Note 5. Temporarily Restricted Net Assets

Changes in temporarily restricted net assets by purpose during the year ended June 30, 2018, were as follows:

	Balance June 30, 2017	Additions	Released From Restriction	Balance June 30, 2018
Purpose restricted:				
Advancing student math program	\$ 1,421	\$ -	\$ 1,421	\$ -
After-school programs	807	-	807	-
Alumni Fund	24,156	-	12,604	11,552
Clubs and athletics activities	1,573	-	1,573	-
College Board Innovation	2,623	-	2,623	-
College prep and alumni expenses	1,092	-	1,092	-
Computers for Programs Department	1	-	1	-
DC CAH grant	927	-	927	-
DC Greens	-	8,680	-	8,680
DC Government (CIOS TF)	3,313	-	3,313	-
Improving Family Engagement	1,212	10,000	6,118	5,094
Klingenstein Family Fund	6,200	10,000	10,378	5,822
Philip Graham Fund	487	-	487	-
Robotics programs	1,500	-	-	1,500
Scholarship funds	10,350	1,000	2,000	9,350
Summer Strong program	33,860	9,067	42,927	-
United Way OST	-	22,500	22,500	-
Whole Kids Foundation	1,335	-	764	571
	<u>\$ 90,857</u>	<u>\$ 61,247</u>	<u>\$ 109,535</u>	<u>\$ 42,569</u>

## Thurgood Marshall Academy

### Notes to Financial Statements

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#### Note 5. Temporarily Restricted Net Assets (Continued)

Changes in temporarily restricted net assets by purpose during the year ended June 30, 2017, were as follows:

	Balance June 30, 2016	Additions	Released From Restriction	Balance June 30, 2017
Purpose restricted:				
After-school programs	\$ -	\$ 10,000	\$ 9,193	\$ 807
New schools venture fund	50,000	150,000	200,000	-
Alumni Fund	21,984	10,000	7,828	24,156
Scholarship funds	10,350	-	-	10,350
College prep and alumni expenses	1,092	-	-	1,092
Robotics programs	1,500	-	-	1,500
College Board Innovation	2,623	-	-	2,623
Advancing student math program	1,460	-	39	1,421
Computers for Programs Department	2,000	-	1,999	1
Clubs and athletics activities	1,572	-	-	1,572
Books and communications materials for college prep	3,000	-	3,000	-
Philip Graham Fund	-	50,000	49,513	487
Klingenstein Family Fund	-	10,000	3,800	6,200
DC CAH grant	927	-	-	927
DC Greens	3,313	-	-	3,313
Whole Kids Foundation	1,862	-	527	1,335
Improving Family Engagement	-	12,550	11,337	1,213
Summer Strong program	-	36,268	2,408	33,860
Schools Technology Fund	-	17,810	17,810	-
	<u>\$ 101,683</u>	<u>\$ 296,628</u>	<u>\$ 307,454</u>	<u>\$ 90,857</u>

#### Note 6. Contingencies

The Academy participates in federally-assisted grant programs, which are subject to financial and compliance audits by the grantors or their representative. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

#### Note 7. Per-Pupil Allocation

The Academy's per-pupil allocation for the years ended June 30, 2018 and 2017, is as follows:

Category:	2018	2017
General education	\$ 5,417,938	\$ 5,066,510
Summer and special education	1,084,892	863,134
Facility allowance	1,222,815	1,212,112
	<u>\$ 7,725,645</u>	<u>\$ 7,141,756</u>

## Thurgood Marshall Academy

### Notes to Financial Statements

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#### Note 8. Grants, Donations, and Other Fundraising Activities

For the years ended June 30, 2018 and 2017, grants, donations and other fundraising activities were comprised as follows:

	2018	2017
Private donations and grants	\$ 449,592	\$ 546,140
In-kind contributions	587,580	658,023
	<u>\$ 1,037,172</u>	<u>\$ 1,204,163</u>

#### Note 9. Retirement Plan

Effective June 1, 2004, the Academy adopted a 403(b) plan (the Plan), which provides for employee and employer contributions for substantially all full-time employees. Employer contributions to the Plan are based on a percentage of eligible wages for the Plan year, as determined by management. The Academy's contribution to the Plan was \$99,536 and \$108,476 for the years ended June 30, 2018 and 2017, respectively.



RSM US LLP

## Independent Auditor's Report on the Supplementary Information

To the Board of Trustees  
Thurgood Marshall Academy

We have audited the financial statements of Thurgood Marshall Academy as of and for the years ended June 30, 2018 and 2017, and have issued our report thereon, dated November 2, 2018, which contains an unmodified opinion on those financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole.

The supplementary information is presented for purposes of additional analysis 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 audits 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.

*RSM US LLP*

Washington, D.C.  
November 2, 2018



**Thurgood Marshall Academy**

**Schedule of Functional Expenses  
Year Ended June 30, 2018**

	Education	General and Administrative	Fundraising	Total
Personnel salaries and benefits:				
Principal/executive salaries	\$ 490,455	\$ 96,800	\$ 58,080	\$ 645,335
Teachers' salaries	2,645,333	-	-	2,645,333
Other educational professional salaries	1,450,597	-	-	1,450,597
Other staff salaries	161,343	-	189,403	350,746
Staff program stipends	83,900	-	-	83,900
Employee benefits	471,782	9,452	24,165	505,399
Payroll taxes	355,885	7,130	18,229	381,244
Staff development costs	54,249	1,087	2,779	58,115
Other staff related expenses	55,370	1,109	2,836	59,315
<b>Total personnel salaries and benefits</b>	<b>5,768,914</b>	<b>115,578</b>	<b>295,492</b>	<b>6,179,984</b>
Direct student costs:				
Food service	146,888	-	-	146,888
Textbooks and subscriptions	7,363	-	-	7,363
Student supplies and materials	105,931	-	-	105,931
Student assessment materials	7,850	-	-	7,850
Student travel and field trips	109,518	-	-	109,518
Library and media materials	7,197	-	-	7,197
Miscellaneous direct student costs	65,308	-	-	65,308
<b>Total direct student costs</b>	<b>450,055</b>	<b>-</b>	<b>-</b>	<b>450,055</b>
Occupancy costs:				
Maintenance, repairs and supplies	31,921	640	1,635	34,196
Utilities	220,169	4,411	11,277	235,857
Equipment rental and maintenance	43,332	868	2,220	46,420
Contracted building services	435,202	8,719	22,292	466,213
<b>Total occupancy costs</b>	<b>730,624</b>	<b>14,638</b>	<b>37,424</b>	<b>782,686</b>
Depreciation expense	525,826	10,535	26,934	563,295

(Continued)

**Thurgood Marshall Academy**

**Schedule of Functional Expenses (Continued)**

**Year Ended June 30, 2018**

	Education	General and Administrative	Fundraising	Total
<b>Debt service costs:</b>				
Interest expense	\$ 42,207	\$ 846	\$ 2,162	\$ 45,215
Gain on swap agreement	(31,612)	(583)	(1,491)	(33,686)
Loss on loan repayment	103,865	2,122	5,425	111,412
Loan cost amortization	18,353	368	940	19,661
<b>Total debt service costs</b>	<b>132,813</b>	<b>2,753</b>	<b>7,036</b>	<b>142,602</b>
<b>Management and general:</b>				
Office supplies and materials	48,714	954	2,440	52,108
Telephone/telecommunications	49,506	951	2,430	52,887
Professional fees	-	205,882	-	205,882
Printing and copying	20,551	411	1,053	22,015
Postage and shipping	6,472	130	331	6,933
Insurance	38,615	774	1,978	41,367
Other professional fees	2,633	53	135	2,821
Other fundraising costs	-	-	29,283	29,283
Administrative fees	85,786	-	-	85,786
Dues	22,095	443	1,132	23,670
Computer consulting	136,276	2,730	6,980	145,986
Other general expenses	39,131	784	2,004	41,919
In-kind expense	579,995	-	-	579,995
<b>Total management and general</b>	<b>1,029,774</b>	<b>213,112</b>	<b>47,766</b>	<b>1,290,652</b>
<b>Total expenses</b>	<b>\$ 8,638,006</b>	<b>\$ 356,616</b>	<b>\$ 414,652</b>	<b>\$ 9,409,274</b>