Thurgood Marshall Academy

Financial Report
June 30, 2019

Contents

RSM

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, 2019 and 2018, 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 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, 2019 and 2018, 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 report dated November 15, 2019, 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 that report 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 internal control over financial reporting or on compliance. That report is 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.

Emphasis of Matter

As disclosed in Note 1 to the financial statements, the Academy adopted the Financial Accounting Standards Board Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The adoption of this standard resulted in additional footnote disclosures and changes to the classification of net assets. Our opinion is not modified with respect to this matter.

RSM US LLP

Washington, D.C.
November 15, 2019

Thurgood Marshall Academy

Balance Sheets
June 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash	$ 5,092,338	$ 4,288,938
Grants receivable	283,184	425,981
Prepaid expenses	56,113	83,936
Total current assets	5,431,635	4,798,855
Property and equipment, net (Note 2)	10,466,027	10,691,466
	$ 15,897,662	$ 15,490,321
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 183,580	$ 163,291
Accrued salaries and benefits	313,216	259,324
Total current liabilities	496,796	422,615
	496,796	422,615
Net assets:		
Without donor restrictions	15,371,193	15,025,137
With donor restrictions (Note 5)	29,673	42,569
	15,400,866	15,067,706
	$ 15,897,662	$ 15,490,321

See notes to financial statements.

Thurgood Marshall Academy

Statements of Activities
Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:						
Tuition – per-pupil funding allocation (Note 7)	**$ 8,207,408**	**$ -**	**$ 8,207,408**	$ 7,725,645	$ -	$ 7,725,645
Federal entitlements	**606,204**	**-**	**606,204**	951,502	-	951,502
Free and reduced lunch program	**80,933**	**-**	**80,933**	78,778	-	78,778
Grants, donations and other fundraising activities (Note 8)	**774,439**	**111,000**	**885,439**	975,925	61,247	1,037,172
Other revenue	**83,125**	**-**	**83,125**	100,950	-	100,950
Net assets released from restrictions	**123,896**	**(123,896)**	**-**	109,535	(109,535)	-
Total support and revenue	**9,876,005**	**(12,896)**	**9,863,109**	9,942,335	(48,288)	9,894,047
Expenses:						
Program services:						
Education	**8,747,650**	**-**	**8,747,650**	8,638,006	-	8,638,006
Supporting services:						
General and administrative	**325,258**	**-**	**325,258**	356,616	-	356,616
Fundraising	**457,041**	**-**	**457,041**	414,652	-	414,652
Total expenses	**9,529,949**	**-**	**9,529,949**	9,409,274	-	9,409,274
Change in net assets	**346,056**	**(12,896)**	**333,160**	533,061	(48,288)	484,773
Net assets:						
Beginning	**15,025,137**	**42,569**	**15,067,706**	14,492,076	90,857	14,582,933
Ending	**$ 15,371,193**	**$ 29,673**	**$ 15,400,866**	$ 15,025,137	$ 42,569	$ 15,067,706

See notes to financial statements.

Thurgood Marshall Academy

Statement of Functional Expenses
Year Ended June 30, 2019

	Education	General and Administrative	Fundraising	Total
Personnel salaries and benefits:				
Principal/executive salaries	$ 431,359	$ 72,921	$ 42,431	$ 546,711
Teachers' salaries	2,741,558	-	-	2,741,558
Other educational professional salaries	1,539,345	-	-	1,539,345
Other staff salaries	190,097	-	225,755	415,852
Staff program stipends	101,667	-	-	101,667
Employee benefits	522,732	7,617	28,015	558,364
Payroll taxes	355,263	5,177	19,040	379,480
Staff development costs	49,558	742	2,727	53,027
Other staff related expenses	80,169	1,168	4,297	85,634
Total personnel salaries and benefits	6,011,748	87,625	322,265	6,421,638
Direct student costs:				
Food service	157,251	-	-	157,251
Textbooks and subscriptions	889	-	-	889
Student supplies and materials	89,738	-	-	89,738
Student assessment materials	2,960	-	-	2,960
Student travel and field trips	177,519	-	-	177,519
Library and media materials	10,302	-	-	10,302
Miscellaneous direct student costs	61,955	-	-	61,955
Total direct student costs	500,614	-	-	500,614
Occupancy costs:				
Maintenance, repairs and supplies	56,290	820	3,017	60,127
Utilities	189,770	2,765	10,171	202,706
Equipment rental and maintenance	43,416	633	2,327	46,376
Contracted building services	456,334	6,650	24,457	487,441
Total occupancy costs	745,810	10,868	39,972	796,650
Depreciation expense	527,843	7,692	28,289	563,824

(Continued)

Thurgood Marshall Academy

Statement of Functional Expenses (Continued)
Year Ended June 30, 2019

	Education	General and Administrative	Fundraising	Total
Debt service costs:				
Interest expense	$ -	$ -	$ -	$ -
Gain on swap agreement	-	-	-	-
Loss on loan repayment	-	-	-	-
Loan cost amortization	-	-	-	-
Total debt service costs	-	-	-	-
Management and general:				
Office supplies and materials	51,756	754	2,774	55,284
Telephone/telecommunications	52,860	770	2,833	56,463
Professional fees	-	213,730	-	213,730
Printing and copying	18,181	265	974	19,420
Postage and shipping	7,044	103	378	7,525
Insurance	41,534	605	2,226	44,365
Other professional fees	2,175	32	117	2,324
Other fundraising costs	-	-	46,864	46,864
Administrative fees	86,177	-	-	86,177
Dues	22,921	334	1,228	24,483
Computer consulting	132,857	1,936	7,120	141,913
Other general expenses	37,342	544	2,001	39,887
In-kind expense	508,788	-	-	508,788
Total management and general	961,635	219,073	66,515	1,247,223
Total expenses	$ 8,747,650	$ 325,258	$ 457,041	$ 9,529,949

See notes to financial statements.

Thurgood Marshall Academy

Statement 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
Total personnel salaries and benefits	5,768,914	115,578	295,492	6,179,984
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
Total direct student costs	450,055	-	-	450,055
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
Total occupancy costs	730,624	14,638	37,424	782,686
Depreciation expense	525,826	10,535	26,934	563,295

(Continued)

Thurgood Marshall Academy

Statement of Functional Expenses (Continued)
Year Ended June 30, 2018

	Education	General and Administrative	Fundraising	Total
Debt service costs:				
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
Total debt service costs	132,813	2,753	7,036	142,602
Management and general:				
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
Total management and general	1,029,774	213,112	47,766	1,290,652
Total expenses	$ 8,638,006	$ 356,616	$ 414,652	$ 9,409,274

See notes to the financial statements.

Thurgood Marshall Academy

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	**$ 333,160**	$ 484,773
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	**563,824**	563,295
Amortization of loan issuance costs	**-**	19,661
Gain on interest rate swap	**-**	(33,686)
Loss on loan extinguishment	**-**	111,412
Changes in assets and liabilities:		
Decrease (increase) in:		
Grants receivable	**142,797**	28,454
Prepaid expenses	**27,823**	(13,512)
Increase (decrease) in:		
Accounts payable and accrued expenses	**20,289**	(28,336)
Accrued salaries and benefits	**53,892**	(34,009)
Deferred contract revenue – tuition	**-**	(2,001)
Net cash provided by operating activities	**1,141,785**	1,096,051
Cash flows from investing activities:		
Purchases of property and equipment	**(338,385)**	(134,011)
Net cash used in investing activities	**(338,385)**	(134,011)
Cash flows from financing activities:		
Principal payments on loan payable	**-**	(1,044,398)
Receipt from termination of interest rate swap	**-**	7,600
Net cash used in financing activities	**-**	(1,036,798)
Net increase (decrease) in cash	**803,400**	(74,758)
Cash:		
Beginning	**4,288,938**	4,363,696
Ending	**$ 5,092,338**	$ 4,288,938
Supplemental disclosure of cash flow information:		
Cash payments for interest	**$ -**	$ 45,215

See notes to financial statements.

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 two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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, 2019 and 2018.

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 net assets with donor restrictions to net assets without donor restrictions 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.

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.

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

Loan issuance costs: Loan issuance costs are 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 was $19,661 for the year ended June 30, 2018. There was no amortization expense for the year ended June 30, 2019.

Classification of net assets: The net assets of the Academy are reported as follows:

Net assets without donor restrictions: Represent resources of the Academy available to support general operations.

Net assets with donor restrictions: Represent amounts that are specifically restricted by donors or grantors for various purposes or time restrictions. Net assets with donor restrictions are reported as net assets without donor restrictions if the restrictions are met in the same period received.

Net assets with donor restrictions were released from restrictions during the years ended June 30, 2019 and 2018, for various purposes, including after-school programs, college guidance, support for alumni in college, library materials, physical education and general operations. At June 30, 2019 and 2018, net assets with donor restrictions 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, 2019. Gifts in-kind are reported at their fair value at the date of the gift.

Contributions with donor-imposed restrictions are reported as net assets with donor restrictions and are reclassified to net assets without donor restrictions when the expense is incurred that satisfies the donor-imposed restriction. In the absence of donor stipulations, these contributions are reported as net assets without donor restrictions 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.

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 years ended June 30, 2019 and 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 2016.

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 noncash 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 education, general programs and fundraising services benefited. Salaries and benefits are allocated based on estimates of time and effort. Overhead items allocated such as occupancy costs, depreciation, insurance and other expenses are allocated to programs based on percent of total expenses.

Subsequent events: Subsequent events have been evaluated through November 15, 2019, which is the date the financial statements were available to be issued.

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

Adopted accounting pronouncement: 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. This ASU was adopted by the Academy in fiscal year 2019.

Pending accounting pronouncements: 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. The Academy is currently evaluating the effect on its 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. The Academy is currently evaluating the effect on its financial statements.

Note 2. Property and Equipment

Property and equipment consist of the following at June 30, 2019 and 2018:

	2019	2018
Asset category:		
Land	$ 182,000	$ 182,000
Buildings and improvements	15,362,999	15,153,489
Computers and software	1,260,805	1,185,844
Office furniture and equipment	997,957	944,043
	17,803,761	17,465,376
Less accumulated depreciation	(7,337,734)	(6,773,910)
	$ 10,466,027	$ 10,691,466

Depreciation expense was $563,824 and $563,295 for the years ended June 30, 2019 and 2018, respectively.

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. The Academy paid the outstanding balance in full during the prior fiscal year and recorded a loss on loan extinguishment of $111,412 in 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.

Note 5. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions by purpose during the year ended June 30, 2019, were as follows:

	Balance June 30, 2018	Additions	Released From Restrictions	Balance June 30, 2019
Purpose restricted:				
Alumni Fund	$ 11,552	$ -	$ 8,241	$ 3,311
DC Government (CIOSTF)	8,680	-	8,680	-
Improving Family Engagement	5,094	-	5,094	-
Klingenstein Family Fund	5,822	10,000	310	15,512
Robotics programs	1,500	-	-	1,500
Scholarship funds	9,350	1,000	1,000	9,350
United Way OST	-	100,000	100,000	-
Whole Kids Foundation	571	-	571	-
	$ 42,569	$ 111,000	$ 123,896	$ 29,673

Note 5. Net Assets With Donor Restrictions (Continued)

Changes in net assets with donor restrictions by purpose during the year ended June 30, 2018, were as follows:

	Balance June 30, 2017	Additions	Released From Restrictions	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 Government (CIOSTF)	-	8,680	-	8,680
DC Greens	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
	$ 90,857	$ 61,247	$ 109,535	$ 42,569

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, 2019 and 2018, is as follows:

	2019	2018
Category:		
General education	$ 5,097,082	$ 4,917,018
Categorical funds	1,831,230	1,585,812
Facility allowance	1,279,096	1,222,815
	$ 8,207,408	$ 7,725,645

Note 8. Grants, Donations and Other Fundraising Activities

For the years ended June 30, 2019 and 2018, grants, donations and other fundraising activities were comprised as follows:

	2019	2018
Private donations and grants	$ 372,191	$ 449,592
In-kind contributions	513,248	587,580
	$ 885,439	$ 1,037,172

Note 9. Retirement Plan

Effective June 1, 2004, and amended April 5, 2018, 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 $111,004 and $99,536 for the years ended June 30, 2019 and 2018, respectively.

Note 10. Availability and Liquidity

The Academy is primarily supported by annual tuition. As part of the Academy's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. The Academy operates within its budget and monitors reserves to provide reasonable assurance obligations can be satisfied when due.

The following represents the Academy's financial assets at June 30, 2019:

Cash	$ 5,092,338
Grants receivable	283,184
Total financial assets available	5,375,522
Less net assets with donor restrictions	(29,673)
Financial assets available to meet operating needs over the next 12 months	$ 5,345,849

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 (the Academy) as of and for the years ended June 30, 2019 and 2018, and have issued our report thereon, dated November 15, 2019, which contained an unmodified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to November 15, 2019.

The accompanying 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 15, 2019

Thurgood Marshall Academy

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant/Contract Number	Federal Expenditures
Department of Education			
Fund for the Improvement of Education:			
Pass-through:			
District of Columbia Office of State Superintendent of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	$ 248,760
DC School Choice Incentive Program	84.370	N/A	110,525
National Assessment of Educational Progress	84.999	N/A	103,631
Special Education Grants to States	84.027	N/A	79,994
Supporting Effective Instruction State Grants	84.367	N/A	41,892
Twenty-First Century Community Learning Centers	84.287	N/A	21,402
			606,204
Department of Agriculture			
Pass-through:			
District of Columbia Office of State Superintendent of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	61,988
School Breakfast Program	10.553	N/A	11,652
Fresh Fruits and Vegetables Program	N/A	N/A	7,293
			80,933
Total expenditures of federal awards			$ 687,137

Note: Aggregate federal expenses are below $750,000. Thus, the Academy is not subject to a 2 CFR Subpart F audit for the year ended June 30, 2019.

Thurgood Marshall Academy

Schedule of Vendors Receiving Over $25,000
Year Ended June 30, 2019

Vendor	Type of Work Performed	Amount Paid
Care First Blue Cross Blue Shield	Employee Health Insurance Premiums	$ 466,636
Building Hope	Accounting and Human Resources Services	221,550
Blackout Investigations & Security Services, Inc.	Security Services	178,310
Pepco	Electricity	174,453
Luncheras Di Si LLC	Student Meal Expenses	142,260
Bolana Capitol Enterprises, Inc.	Janitorial Services	134,387
End-to-End Solutions for Special Education	Special Education Services	115,880
PMM Facilities	Building Engineering	106,306
McGee Technology Group, LLC	Information Technology Services	105,500
MCN Build, Inc	Building Security Improvements	84,781
DC Public Charter School Board	Authorizer Fee	81,063
Genesys Impact	Security Camera Rehab	70,661
DC Treasurer Office of Finance & Treasury	DC Teachers' Retirement Plan Contributions	58,785
Swing Education, Inc.	Substitute Teacher Staffing	56,963
Partrans, LLC	Student Transportation Services	46,535
Chariots for Hire	Student Transportation Services	45,220
MGUH Department of Psychiatry	Mental Health Expenses	43,524
Staples Technology Solution	Student Computers	42,959
Revive Recruiting	Executive Director Search	41,500
RSM US LLP	Audit and Tax Services	39,342
ResponseTECH	Burglar and Access Keycard System	37,565
Staples Advantage	Office Supplies	36,819
Ridgewells Catering	Gala Catering and Décor	35,545
Amtrust North America	Insurance premiums	35,472
MetLife Small Business Center	Employee Dental Insurance Premiums	34,486
Gali Service Industries	Janitorial Services	30,490
School Leader Lab	Professional Development Services	29,013
Reliance Standard Life Insurance	Employee Life Insurance	26,335

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of Trustees
Thurgood Marshall Academy

We have audited, in accordance with the 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, the financial statements of Thurgood Marshall Academy (the Academy), which comprise the balance sheet as of June 30, 2019, the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2019.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Academy's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

Washington, D.C.
November 15, 2019