Thurgood Marshall College Fund and Affiliate

Consolidated Financial Statements
Including Uniform Guidance Reports
and Independent Auditors' Report

December 31, 2015 and 2014

Thurgood Marshall College Fund and Affiliate

Consolidated Financial Statements
December 31, 2015 and 2014

Contents

ROGERS & COMPANY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Thurgood Marshall College Fund and Affiliate

We have audited the accompanying consolidated financial statements of the Thurgood Marshall College Fund and Affiliate (collectively, "the Organization"), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014; the related consolidated statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

ROGERS & COMPANY

Auditor's Responsibility (continued)

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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2015 and 2014, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information as of and for the years ended December 31, 2015 and 2014 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2016, on our consideration of the Organization'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 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 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 Organization's internal control over financial reporting and compliance.

Rogers + Company PLLC

Vienna, Virginia
April 13, 2016

Thurgood Marshall College Fund and Affiliate

Consolidated Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
Assets		
Cash and cash equivalents	$ 3,602,432	$ 908,578
Accounts receivable	66,993	61,029
Grants receivable	200,790	27,758
Pledges receivable, net	3,683,825	9,396,645
Investments	5,806,274	-
Note receivable	600,000	800,000
Prepaid expenses and other assets	14,231	75
Security deposit	48,363	41,950
Property and equipment, net	90,234	110,461
Total assets	$ 14,113,142	$ 11,346,496
Liabilities and Net Assets (Deficit)		
Liabilities		
Accounts payable and accrued expenses	$ 694,376	$ 628,308
Deferred rent	110,676	79,481
Loan payable	1,161,203	1,200,000
Line of credit	-	500,000
Grant advances	82,275	303,830
Deferred revenue	2,483,317	20,100
Security deposit	48,492	48,492
Total liabilities	4,580,339	2,780,211
Net Assets (Deficit)		
Unrestricted	(2,842,497)	(3,383,725)
Temporarily restricted	12,125,300	11,700,010
Permanently restricted	250,000	250,000
Total net assets	9,532,803	8,566,285
Total liabilities and net assets	$ 14,113,142	$ 11,346,496

See accompanying notes.

Thurgood Marshall College Fund and Affiliate

Consolidated Statement of Activities
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenue and Support				
Contributions and grants	$ 3,735,425	$ 11,849,927	$ -	$ 15,585,352
Government grants	2,716,541	-	-	2,716,541
In-kind contributions	2,102,945	-	-	2,102,945
Rental income	182,601	-	-	182,601
Registration fees	153,700	-	-	153,700
Contract income	149,375	-	-	149,375
Membership fees	111,785	-	-	111,785
Interest income	37,221	-	-	37,221
Other income	98,828	-	-	98,828
Released from restrictions:				
Satisfaction of program restrictions	11,424,637	(11,424,637)	-	-
Total operating revenue and support	20,713,058	425,290	-	21,138,348
Expenses				
Program services	17,546,641	-	-	17,546,641
Management and general	2,012,368	-	-	2,012,368
Development	497,995	-	-	497,995
Total expenses	20,057,004	-	-	20,057,004
Change in Net Assets from Operations	656,054	425,290	-	1,081,344
Non-Operating Activities				
Unrealized loss on investments	(291,755)	-	-	(291,755)
Realized gain on investments	176,929	-	-	176,929
Change in Net Assets	541,228	425,290	-	966,518
Net Assets (Deficit), beginning of year	(3,383,725)	11,700,010	250,000	8,566,285
Net Assets (Deficit), end of year	$ (2,842,497)	$ 12,125,300	$ 250,000	$ 9,532,803

See accompanying notes.

Thurgood Marshall College Fund and Affiliate

Consolidated Statement of Activities
For the Year Ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Contributions and grants	$ 2,592,048	$ 6,794,072	$ -	$ 9,386,120
Government grants	3,753,815	-	-	3,753,815
In-kind contributions	566,800	-	-	566,800
Rental income	175,937	-	-	175,937
Registration fees	223,929	-	-	223,929
Contract income	290,340	-	-	290,340
Membership fees	9,900	-	-	9,900
Interest income	10,139	-	-	10,139
Other income	8,855	-	-	8,855
Released from restrictions:				
Satisfaction of program restrictions	3,755,007	(3,755,007)	-	-
Total revenue and support	11,386,770	3,039,065	-	14,425,835
Expenses				
Program services	10,050,630	-	-	10,050,630
Management and general	1,821,081	-	-	1,821,081
Development	530,615	-	-	530,615
Total expenses	12,402,326	-	-	12,402,326
Change in Net Assets	(1,015,556)	3,039,065	-	2,023,509
Net Assets (Deficit), beginning of year	(2,368,169)	8,660,945	250,000	6,542,776
Net Assets (Deficit), end of year	$ (3,383,725)	$ 11,700,010	$ 250,000	$ 8,566,285

See accompanying notes.

Thurgood Marshall College Fund and Affiliate

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2015

	Program Services	Management and General	Development	Total Expenses
Salaries and fringe benefits	$ 3,995,553	$ 1,011,011	$ 410,149	$ 5,416,713
Travel and conferences	3,308,253	107,847	22,065	3,438,165
Scholarships and awards	7,677,349	-	-	7,677,349
Consultants and professionals	641,032	125,347	37,125	803,504
Promotion and advertising	1,095,413	105,957	4,308	1,205,678
Rent (office and equipment)	222,899	327,955	-	550,854
Technology	342,799	79,464	4,312	426,575
Subscriptions and dues	40,063	14,985	1,417	56,465
Office expense and supplies	94,234	21,898	132	116,264
Miscellaneous	41,334	60,965	90	102,389
Bad debt expense	-	69,471	-	69,471
Printing and publications	25,721	717	14,787	41,225
Insurance	11,527	29,094	-	40,621
Depreciation and amortization	10,843	18,737	-	29,580
Interest	20,187	34,885	-	55,072
Postage	19,434	4,035	3,610	27,079
Total Expenses	$ 17,546,641	$ 2,012,368	$ 497,995	$ 20,057,004

See accompanying notes.

Thurgood Marshall College Fund and Affiliate

Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2014

	Program Services	Management and General	Development	Total Expenses
Salaries and fringe benefits	$ 3,161,883	$ 949,716	$ 407,945	$ 4,519,544
Travel and conferences	2,608,775	83,322	17,066	2,709,163
Scholarships and awards	2,151,097	-	-	2,151,097
Consultants and professionals	942,106	178,691	85,000	1,205,797
Promotion and advertising	467,420	48,886	4,120	520,426
Rent (office and equipment)	224,147	286,183	-	510,330
Technology	189,555	65,497	4,995	260,047
Subscriptions and dues	92,409	12,557	5,247	110,213
Office expense and supplies	75,163	19,742	532	95,437
Miscellaneous	27,000	30,343	310	57,653
Bad debt expense	-	54,888	-	54,888
Printing and publications	47,685	2,303	4,038	54,026
Insurance	12,821	32,791	-	45,612
Depreciation and amortization	13,726	26,857	686	41,269
Interest	13,163	25,756	658	39,577
Postage	23,680	3,549	18	27,247
Total Expenses	$ 10,050,630	$ 1,821,081	$ 530,615	$ 12,402,326

See accompanying notes.

Thurgood Marshall College Fund and Affiliate

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Change in net assets	$ 966,518	$ 2,023,509
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	29,580	41,269
Change in allowance for uncollectible pledges	(9,829)	47,888
Net realized and unrealized loss on investments	114,826	-
Gain on sale of investments in ventures	-	(6,891)
Donated stock	(25,546)	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(5,964)	(17,352)
Grants receivable	(173,032)	(27,758)
Pledges receivable	5,722,649	(3,045,558)
Prepaid expenses and other assets	(14,156)	18,029
Security deposit	(6,413)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	66,068	115,030
Deferred rent	31,195	41,930
Grant advances	(221,555)	(2,820,371)
Deferred revenue	2,463,217	20,100
Net cash provided by (used in) operating activities	8,937,558	(3,610,175)
Cash Flows from Investing Activities		
Purchases of investments	(6,552,328)	-
Proceeds from sales of investments	656,774	1,000,000
Proceeds from sales of investments in ventures	-	18,749
Purchases of property and equipment	(9,353)	-
Issuance of note receivable	-	(800,000)
Receipts on note receivable	200,000	-
Net cash (used in) provided by investing activities	(5,704,907)	218,749
Cash Flows from Financing Activities		
Principal payments under loan payable	(38,797)	(1,304,356)
Proceeds from loan	-	1,200,000
Payments on line of credit	(500,000)	-
Proceeds from line of credit	-	500,000
Principal payments under capital lease obligation	-	(11,721)
Net cash (used in) provided by financing activities	(538,797)	383,923
Net Increase (Decrease) in Cash and Cash Equivalents	2,693,854	(3,007,503)
Cash and Cash Equivalents, beginning of year	908,578	3,916,081
Cash and Cash Equivalents, end of year	$ 3,602,432	$ 908,578

See accompanying notes.

1. Nature of Operations

The Thurgood Marshall College Fund (TMCF) was organized in 1987 as a not-for-profit organization that provides scholarships, leadership training, and career development. TMCF also promotes student development and programmatic and capacity-building support to students who attend any of the 47 historically black public colleges and universities (HBCU) that it serves.

Member colleges and universities receive scholarships and programmatic and capacity-building grants from TMCF. TMCF also provides donor-restricted funds to colleges from workplace campaigns and grants and contributions from corporations, foundations, and individual donors.

Opportunity Funding Corporation, Inc. (OFCI) was created in 1984 by Opportunity Funding Corporation (OFC) to serve as a for-profit holding company. OFCI subsequently transferred its assets into the capitalization of two entities: Syndicated Communications, Inc. and Fulcrum Venture Management, LLC, both of which serve as the financing vehicle for the hundreds of minority entrepreneurs who have successfully launched business enterprises nationwide. Pursuant to an Agreement and Plan of Merger, OFC was merged into TMCF effective August 30, 2013, resulting in a transfer of $742,045 to TMCF. As part of the merger, TMCF acquired OFC's wholly-owned interest in its subsidiary OFCI.

2. Summary of Significant Accounting Policies

<u>Principles of Consolidation</u>

TMCF's financial statements have been consolidated with those of OFCI (collectively, "the Organization"). All significant intercompany balances and transactions have been eliminated in consolidation. As a wholly-owned subsidiary, any dividends paid by OFCI are netted against TMCF's investment in OFCI, with the net investment eliminated in consolidation.

<u>Use of Estimates</u>

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies (continued)

Basis of Accounting and Presentation

The Organization's consolidated financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations.

- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Organization or through the passage of time. Temporarily restricted net assets were $12,125,300 and $11,700,010 at December 31, 2015 and 2014, respectively.

- *Permanently restricted net assets* represent funds in which the principal must be held in perpetuity, while the earnings may be available for general operations or restricted purposes imposed by the donors.

Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase.

Accounts Receivable

Accounts receivable are recorded at net realizable value. Uncollectible accounts are written-off in the year in which they are identified. The Organization does not maintain an allowance for doubtful accounts, but does monitor and estimate the amount of any uncollectible balances throughout the year.

Grants Receivable

Grants receivable consist of amounts due to be reimbursed to the Organization for expenses incurred under grant agreements with the U.S. government. The entire amount is expected to be collected within one year, and is recorded at net realizable value at December 31, 2015 and 2014. No allowance for doubtful accounts is recorded, as management believes that all receivables are fully collectible.

2. Summary of Significant Accounting Policies (continued)

Pledges Receivable

Pledges receivable represent unconditional amounts committed to the Organization. Pledges receivable are reflected at their net realizable value. Pledges due in more than one year are discounted to present value based on management's estimate of the risk adjusted rate of return. No discount was recorded on pledges receivable during the years ended December 31, 2015 and 2014, due to immateriality. Management determines the allowance for uncollectible pledges by identifying troubled accounts and by using historical experience. The allowance for uncollectible pledges was $61,059 and $70,888 at December 31, 2015 and 2014, respectively.

Investments

Investments are recorded at fair value based on quoted market prices. All realized and unrealized gains and losses are included in the accompanying consolidated statements of activities.

Measure of Operations

Net realized and unrealized gains and losses on investments are considered non-operating activities. The Organization does not consider these items to be part of normal operating activities and, accordingly, separately identifies them in the accompanying consolidated statement of activities.

Property and Equipment

Property and equipment purchased at a cost of $1,000 or more are capitalized and recorded at cost. Leasehold improvements are stated at cost and are amortized using the straight-line method over the shorter of their estimated useful lives or the lease term. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed as incurred.

Property and equipment are depreciated or amortized on a straight-line basis over their estimated useful lives as follows:

Office equipment	7 years
Furniture and fixtures	10 years
Computer hardware	7 years
Computer software	5 years

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization reports contributions and grants as temporarily or permanently restricted support, if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Restricted net assets are reported as unrestricted net assets if the restrictions are met in the same period received.

Revenue from government grants is recognized as allowable costs are incurred. Advances received from grantors are recorded as deferred revenue in the accompanying consolidated statements of financial position. Unspent grant funds from previous years that were not returned to the funding federal agencies as of December 31, 2015 and 2014 are included in grant advances in the accompanying consolidated statements of financial position.

Revenue from all other sources is recognized when earned.

In-Kind Contributions

In-kind contributions are recognized as revenue and support and expenses in the accompanying consolidated statements of activities at their estimated fair value, as provided by the donor at the date of donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. Summary of Significant Accounting Policies (continued)

Reclassification in Prior Year Presentation

Certain amounts in the 2014 consolidated financial statements have been reclassified to conform to the 2015 presentation. These reclassifications had no effect on the reported results of operations.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 13, 2016, the date the consolidated financial statements were available to be issued.

3. Concentrations

Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and cash equivalents, and investments. The Organization maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Depository Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash and cash equivalents, and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

Revenue Risk

For the years ended December 31, 2015 and 2014, a substantial portion of the Organization's revenue was generated from corporate donors. For the year ended December 31, 2015, $8,884,055 was received from one corporate donor, and for the year ended December 31, 2014, $3,286,800 was received from a different corporate donor. This contribution approximates 42% and 23% of the Organization's total operating revenue and support for the years ended December 31, 2015 and 2014, respectively.

4. Pledges Receivable

Pledges receivable represent amounts due from individual and corporate donors, as well as foundations, and are due as follows at December 31:

	2015	2014
Due in less than one year	$ 2,093,284	$ 7,096,333
Due in one to five years	1,651,600	2,371,200
Total pledges receivable	3,744,884	9,467,533
Less: allowance for uncollectible pledges	(61,059)	(70,888)
Pledges receivable, net	$ 3,683,825	$ 9,396,645

Pledges receivable consist of the following as of December 31:

	2015	2014
Contributions	$ 3,744,884	$ 4,932,987
In-kind contributions	-	4,534,546
Total pledges receivable	3,744,884	9,467,533
Less: allowance for uncollectible pledges	(61,059)	(70,888)
Pledges receivable, net	$ 3,683,825	$ 9,396,645

The Organization was owed $3,095,200 and $8,621,346 from four corporate donors, which accounted for 84% and 92% of pledges receivable as of December 31, 2015 and 2014, respectively.

5. Note Receivable

Note receivable consists of a note issued in March 2014 to a private corporation, for the repurchase of donated stocks back from the Organization, over the next five years, in 20% annual increments plus accrued interest at the rate of 2.25% per year. Payments received on this note were $200,000 for both years ended December 31, 2015 and 2014. The remaining balance is recorded under note receivable in the accompanying consolidated statements of financial position.

6. Investments and Fair Value Measurements

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs.

The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Organization uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

Investment (loss) income consists of the following for the years ended December 31:

	2015	2014
Interest income	$ 37,221	$ 10,139
Unrealized loss	(291,755)	-
Realized gain	176,929	-
Total investment (loss) income	$ (77,605)	$ 10,139

6. Investments and Fair Value Measurements (continued)

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis at December 31, 2015:

	Total fair value	Level 1	Level 2	Level 3
Mutual funds:				
Bank loan fund	$ 14,359	$ 14,359	$ -	$ -
Diversified emerging markets	213,410	213,410	-	-
Emerging markets bond	14,686	14,686	-	-
Energy limited partnership	11,421	11,421	-	-
Foreign large value	75,209	75,209	-	-
High-yield bond	1,067,662	1,067,662	-	-
Large growth	112,476	112,476	-	-
Large value	820,589	820,589	-	-
Mid-cap blend	69,944	69,944	-	-
Multisector bond	790,837	790,837	-	-
Real estate fund	156,492	156,492	-	-
Short-term bond	524,337	524,337	-	-
Ultrashort bond	627,154	627,154	-	-
World bond	19,011	19,011	-	-
Exchange-traded funds:				
Diversified emerging markets	24,138	24,138	-	-
Foreign large blend	76,839	76,839	-	-
Large growth	875,559	875,559	-	-
Mid-cap blend	117,634	117,634	-	-
Small blend	194,517	194,517	-	-
Total investments	$ 5,806,274	$ 5,806,274	$ -	$ -

The Organization held no investments at December 31, 2014.

7. Property and Equipment

Property and equipment consists of the following at December 31:

	2015	2014
Office equipment	$ 340,736	$ 399,360
Computer hardware and software	310,506	310,506
Furniture and fixtures	166,486	166,486
Leasehold improvements	44,354	35,000
Total property and equipment	862,082	911,352
Less: accumulated depreciation and amortization	(771,848)	(800,891)
Property and equipment, net	$ 90,234	$ 110,461

8. Loan Payable

The Organization had a revolving line of credit with a bank that provided for borrowings of up to $2,000,000. On May 1, 2013, the revolving line of credit was converted to a term loan with the same bank. Under the terms of the loan, the Organization was required to pay $500,000 toward the principal balance, resulting in a new loan balance of $1,335,309 at May 1, 2013. Interest accrues at 4% per annum. The Organization was required to make interest and principal payments of $8,143 on a monthly basis based on a 240 month amortization schedule that commenced June 15, 2013, with a balloon payment of $1,165,584 due on May 15, 2016. The loan contained certain financial covenants, including a minimum liquidity of $100,000 to be held with the bank at all times. Interest expense associated with the line of credit and loan payable totaled $39,431 for the year ended December 31, 2014. The loan was fully paid off as of December 31, 2014.

In December 2014, the Organization obtained a new loan for $1,200,000. Interest accrues at 4.25% per annum. The Organization is required to make interest and principal payments of $7,471 on a monthly basis based on a 47 month amortization schedule commencing on January 9, 2015, with a balloon payment of $1,042,322 due on December 9, 2018. The loan contains certain financial covenants, including a minimum liquidity of $500,000 measured at the end of each quarter. As of December 31, 2015 and 2014, the Organization was in compliance with all material covenants. Interest expense associated with the loan payable totaled $55,072 and $0 for the years ended December 31, 2015 and 2014, respectively. The amount outstanding on the loan payable totaled $1,161,203 and $1,200,000 at December 31, 2015 and 2014, respectively.

8. Loan Payable (continued)

Future principal payments under the loan are as follows at December 31:

2016	$	40,260
2017		42,170
2018		1,078,773
Total future principal payments	$	1,161,203

9. Line of Credit

In December 2014, the Organization obtained a revolving line of credit with a bank that provides for borrowings of up to $1,000,000. This line of credit bears interest at a variable rate equal to the bank's prime rate, which equaled 4.00% for both years ended December 31, 2015 and 2014. The outstanding balance on the line of credit at December 31, 2015 and 2014 was $0 and $500,000, respectively.

10. Commitments and Contingencies

Operating Leases

In December 2005, the Organization entered into a noncancelable operating lease agreement for its office space in New York, NY (NYC). The term of the lease is ten years and five months and the lease expires in June 2016. Under the terms of the lease, base rent is subject to annual increases of 2.75%, and the Organization is required to pay its proportionate share of any increases in real estate taxes and operating expenses of the building.

In December 2011, the Organization entered into a noncancelable sublease for its office space in NYC. The lease became effective December 15, 2011 and expires in June 2016 in conjunction with its office lease. The base rate is subject to annual increases of 3% and the sublease is secured with a $48,492 deposit, which is recorded in the accompanying consolidated statements of financial position.

In August 2011, the Organization entered into an annual lease agreement for office space in Houston, Texas. The lease continued on a month-to-month basis during 2014 and 2015. During 2015, the lease was amended to include additional office space and extend the lease through October 2018. The base rate is subject to annual increases of approximately 2%.

10. Commitments and Contingencies (continued)

Operating Leases (continued)

In March 2011, the Organization entered into a noncancelable operating lease agreement for its office space in Washington, D.C. The original term of the lease was for three years, and has been extended until March 2018. In September 2015, this original lease agreement was amended to include additional space. The amended lease calls for annual rent increases, and the sublease remains in full force and effect.

Under generally accepted accounting standards, all fixed rent increases and rent abatements are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent in the accompanying consolidated statements of financial position.

The Organization leases office equipment under an operating lease, which began in January 2015 and goes through February 2018. The lease requires fixed monthly payments of $597. Rental expense for the lease was $7,164 for the year ended December 31, 2015.

Total future minimum lease payments and sublease income receipts are as follows for the years ending December 31:

	Rent Payments	Sublease Income	Net
2016	$ 461,836	$ (81,867)	$ 379,969
2017	533,252	-	533,252
2018	160,274	-	160,274
Total	$ 1,155,362	$ (81,867)	$ 1,073,495

Rent expense from the operating lease totaled $533,508 and $490,512 for the years ended December 31, 2015 and 2014, respectively.

Service Organization

The Organization has contracted with Insperity PEO Services, L.P. (“Insperity”) as their professional employer organization. As such, Insperity is the employer of record for tax, benefits, and insurance purposes for the Organization’s employees. This co-employment relationship allows the Organization to maintain direct control of the day-to-day activities of employees, while Insperity assumes the administrative functions of human resources and absorbs many employer-related liabilities.

10. Commitments and Contingencies (continued)

Office of Management and Budget

Funds that the Organization receives from the Departments of Defense and the Department of Agriculture are subject to audit under the provisions of the cooperative agreements. The ultimate determination of amounts received under the U.S. government cooperative agreements and grants is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such cooperative agreements are closed out, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability exists.

11. Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets were restricted for the following purposes as of December 31:

	2015	2014
Scholarships and grants	$ 7,911,325	$ 8,850,100
Leadership training and seminars	4,213,975	2,849,910
Total temporarily restricted net assets	$ 12,125,300	$ 11,700,010

Permanently Restricted Net Assets

Permanently restricted net assets held at both December 31, 2015 and 2014 were $250,000. These funds were held to provide earnings in support of general operations.

12. Endowment Funds

The Organization’s endowment (permanently restricted net assets) has been funded by donor-restricted contributions to be held in perpetuity, the earnings of which can be used to fund either specific programs or general operations. The portion of perpetual endowment funds that is required to be retained permanently, either by explicit donor stipulation or by Delaware’s Uniform Prudent Management of Institutional Funds Act (UPMIFA) is $250,000.

12. Endowment Funds (continued)

Interpretation of Relevant Law

The Organization's Board of Directors has interpreted Delaware's UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted funds: (1) duration and preservation of the fund; (2) purposes of the Organization and the donor-restricted endowment fund; (3) general economic conditions; (4) possible effect of inflation and deflation; (5) expected total return from income and the appreciation or depreciation of investments; (6) other resources of the Organization; and (7) investment policies of the Organization.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature would be reported by the Organization in unrestricted net assets. There were no fund deficiencies for the years ended December 31, 2015 and 2014.

Return Objectives, Risk Parameters, and Strategies

The Organization has adopted investment and spending policies for endowment funds that attempt to provide a predictable stream of funding to programs supported by its endowment while protecting the principal balance. The objective of the permanently restricted assets is the preservation of capital. To achieve the return objectives within the risk parameters, the Organization has elected to invest in money market funds.

The Organization follows a conservative investment policy for endowment assets that attempts to preserve fully the original corpus and optimize returns. Considering the current relatively small size of the endowment, funds are held within cash and cash equivalents and treated as a component thereof.

12. Endowment Funds (continued)

Return Objectives, Risk Parameters, and Strategies (continued)

Should significant, new donations be made to the endowment assets, the Organization's investment policy would permit a strategy of long term growth of the endowment assets. Under such a policy, the endowment assets would be invested in a manner that is intended to produce results exceeding major investment benchmarks while assuming a moderate level of risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization currently allocates budgeted interest and dividends based on a current rate of return for spending on operations. If the budgeted interest and dividends exceed actual interest and dividends for the budget year, the full amount of the actual interest and dividends is deemed to be appropriated. If no amounts are allocated, no appropriations are made from the endowment.

Composition of Endowment Funds

Endowment net asset composition was as follows at December 31, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 250,000	$ 250,000

Endowment net asset composition was as follows at December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ -	$ 250,000	$ 250,000

Changes in Endowment Net Assets

There were no changes in endowment net assets for the years ended December 31, 2015 and 2014, as no budgeted interest and dividends were allocated to the endowment.

13. In-Kind Contributions

For the year ended December 31, 2015, in-kind contributions consisted of $1,015,905 for promotions and advertising, $1,017,821 for travel and conferences, and $69,219 for legal services. For the year ended December 31, 2014, in-kind contributions consisted of $353,630 for promotions and advertising, $91,912 for travel and conferences, and $121,258 for legal services.

These contributions have been reflected in the accompanying consolidated statements of activities as revenue and support and program expenses.

14. Retirement Plan

The Organization sponsors a 403(b) retirement plan ("the Plan") for employees who have attained age 21 and have one year of continuous service at the Organization. The Plan is a voluntary, contributory annuity plan with the Teachers Insurance and Annuity Association – College Retirement Equities Fund. The Organization contributes to the Plan at its discretion. The Organization contributed $68,783 and $52,578 to the Plan for the years ended December 31, 2015 and 2014, respectively.

15. Program Services

The Organization's program services consist of the following for the years ended December 31:

	2015	2014
Scholarships and grants	$ 8,108,438	$ 2,235,170
Leadership training and seminars	9,438,203	7,815,460
Total program services	$ 17,546,641	$ 10,050,630

16. Income Taxes

TMCF is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Pursuant to IRC Section 509(a), TMCF was determined to be a public charity. TMCF follows the authoritative guidance relating to accounting for uncertainty in income taxes included in the FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

16. Income Taxes (continued)

OFCI is a for-profit corporation that is subject to income tax and had no net income for the years ended December 31, 2015 and 2014.

The Organization performed an evaluation of uncertain tax positions for the years ended December 31, 2015 and 2014, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2015 and 2014, the Organization had no accrual for interest and/or penalties.

17. Supplementary Disclosure of Cash Flow Information

Supplementary disclosure of cash flow information is as follows for the years ended December 31:

	2015	2014
Interest paid	$ 55,072	$ 39,438
Noncash Investing Activities		
Donated stock	$ 25,546	$ -

SUPPLEMENTARY INFORMATION

Thurgood Marshall College Fund and Affiliate

Consolidating Schedule of Financial Position
December 31, 2015
(With Comparative Totals for December 31, 2014)

	TMCF	OFCI	Eliminations	2015 Total	2014 Total
Assets					
Cash and cash equivalents	$ 3,360,212	$ 242,220	$ -	$ 3,602,432	$ 908,578
Accounts receivable	66,993	-	-	66,993	61,029
Grants receivable	200,790	-	-	200,790	27,758
Pledges receivable, net	3,683,825	-	-	3,683,825	9,396,645
Investments	5,806,274	-	-	5,806,274	-
Note receivable	600,000	-	-	600,000	800,000
Prepaid expenses and other assets	14,231	-	-	14,231	75
Security deposit	48,363	-	-	48,363	41,950
Investment in subsidiary	242,220	-	(242,220)	-	-
Property and equipment, net	90,234	-	-	90,234	110,461
Total assets	$ 14,113,142	$ 242,220	$ (242,220)	$ 14,113,142	$ 11,346,496
Liabilities, Net Assets (Deficit), and Stockholder's Equity					
Liabilities					
Accounts payable and accrued expenses	$ 694,376	$ -	$ -	$ 694,376	$ 628,308
Deferred rent	110,676	-	-	110,676	79,481
Loan payable	1,161,203	-	-	1,161,203	1,200,000
Line of credit	-	-	-	-	500,000
Grant advances	82,275	-	-	82,275	303,830
Deferred revenue	2,483,317	-	-	2,483,317	20,100
Security deposit	48,492	-	-	48,492	48,492
Total liabilities	4,580,339	-	-	4,580,339	2,780,211
Net Assets (Deficit) and Stockholder's Equity					
Unrestricted	(2,842,497)	-	-	(2,842,497)	(3,383,725)
Temporarily restricted	12,125,300	-	-	12,125,300	11,700,010
Permanently restricted	250,000	-	-	250,000	250,000
Common stock and retained earnings	-	242,220	(242,220)	-	-
Total net assets and stockholder's equity	9,532,803	242,220	(242,220)	9,532,803	8,566,285
Total liabilities, net assets, and stockholder's equity	$ 14,113,142	$ 242,220	$ (242,220)	$ 14,113,142	$ 11,346,496

Thurgood Marshall College Fund and Affiliate

Consolidating Schedule of Activities
For the Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	TMCF	OFCI	Eliminations	2015 Total	2014 Total
Operating Revenue and Support					
Contributions and grants	$ 15,585,352	$ -	$ -	$ 15,585,352	$ 9,386,120
Government grants	2,716,541	-	-	2,716,541	3,753,815
In-kind contributions	2,102,945	-	-	2,102,945	566,800
Rental income	182,601	-	-	182,601	175,937
Registration fees	153,700	-	-	153,700	223,929
Contract income	149,375	-	-	149,375	290,340
Membership fees	111,785	-	-	111,785	9,900
Interest income	35,832	1,389	-	37,221	10,139
Other income	97,153	1,675	-	98,828	8,855
Total operating revenue and support	21,135,284	3,064	-	21,138,348	14,425,835
Expenses					
Program services	17,546,641	-	-	17,546,641	10,050,630
Management and general	2,001,094	11,274	-	2,012,368	1,821,081
Development	497,995	-	-	497,995	530,615
Total expenses	20,045,730	11,274	-	20,057,004	12,402,326
Change in Net Assets from Operations	1,089,554	(8,210)	-	1,081,344	2,023,509
Non-Operating Activities					
Unrealized loss on investments	(291,755)	-	-	(291,755)	-
Realized gain on investments	176,929	-	-	176,929	-
Net loss from investment in subsidiary	(8,210)	-	8,210	-	-
Change in Net Assets	966,518	(8,210)	8,210	966,518	2,023,509
Net Assets and Stockholder's Equity, beginning of year	8,566,285	325,430	(325,430)	8,566,285	6,542,776
Net Assets and Stockholder's Equity, end of year	$ 9,532,803	$ 317,220	$ (317,220)	$ 9,532,803	$ 8,566,285

SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED BY THE UNIFORM GUIDANCE

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INDEPENDENT AUDITORS' 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*

To the Board of Directors
Thurgood Marshall College Fund and Affiliate

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 consolidated financial statements of the Thurgood Marshall College Fund and Affiliate (collectively, "the Organization"), which comprise the consolidated statement of financial position as of December 31, 2015; the related consolidated statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the consolidated financial statements, and have issued our report thereon dated April 13, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 entity'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 Organization's consolidated 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 consolidated 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rogers + Company PLLC

Vienna, Virginia
April 13, 2016

ROGERS
& COMPANY

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Thurgood Marshall College Fund and Affiliate

Report on Compliance for Each Major Federal Program

We have audited the Thurgood Marshall College Fund and Affiliate's (collectively, "the Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2015. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

ROGERS & COMPANY

Opinion on the Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2011-012. Our opinion on each major federal program is not modified with respect to these matters.

The Organization's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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Report on Internal Control over Compliance (continued)

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rogers + Company PLLC

Vienna, Virginia
April 13, 2016

Thurgood Marshall College Fund and Affiliate

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Agency or Pass-Through Grant Number	Federal CFDA Number	Total Federal Expenditures
Department of Defense			
Collaborative Research and Development	FA8651-15-2-0001	12.114	$ 1,152,649
Basic Scientific Research	W911NF-15-0641	12.431	106,611
Total Department of Defense			1,259,260
Department of Agriculture			
Plant and Animal Disease, Pest Control, and Animal Care	15-1001-0834-CA	10.025	449,372
Plant and Animal Disease, Pest Control, and Animal Care	USDA-OAO-14	10.025	517,949
Total Department of Agriculture			967,321
Total expenditures of federal awards			$ 2,226,581

See accompanying notes to this schedule.

Thurgood Marshall College Fund and Affiliate

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

1. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Consequently, amounts are recorded as expenditures when the obligations are incurred.

2. Reconciliation of Financial Statements

For the year ended December 31, 2015, the Organization recognized $2,226,581 of revenue from federal grants and $489,960 in revenue from U.S. government contracts and sponsorships, both of which are included in government grants in the accompanying consolidated statement of activities totaling $2,716,541.

Thurgood Marshall College Fund and Affiliate

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2015

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	______	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	______	Yes	X	None reported
Noncompliance material to financial statements noted?	______	Yes	X	No

Federal Awards

Internal control over the major federal programs:				
• Material weakness(es) identified?	______	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	X	Yes	______	None reported
Type of auditors' report issued on compliance for the major federal programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	X	Yes	______	No

Identification of major federal programs:

CFDA Number	Name of Federal Program or Cluster
12.114	Collaborative Research and Development

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?	______	Yes	X	No

Section II – Financial Statement Findings

There were no financial statement findings reported during the 2015 audit.

Section III – Federal Award Findings and Questioned Costs

Finding No. 2015-001

Department of Defense; Collaborative Research and Development Program – CFDA No. 12.114; Grant No. FA8651-15-2-0001; Grant Period: Year Ended December 31, 2015

Criteria: Under Uniform Guidance, recipients that draw funds in advance should maintain or demonstrate the willingness to maintain: (1) written procedures that minimize the time elapsing between the transfer of funds and disbursement by the recipient and (2) financial management systems that meet the standards for fund control and accountability. Cash advances to a recipient organization shall be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs.

Condition: There was a large gap between the time the advanced funds were received by the Organization and the disbursement of cash under the grant.

Questioned Costs: None.

Context: The Organization had funds drawn down in advance from the grant, which was not completely depleted as of December 31, 2015. A draw down of $2,992,577 was completed on March 11, 2015.

Effect: The program was not in compliance with Uniform Guidance.

Cause: The Organization did not prepare a detailed analysis of the anticipated costs.

Identification as a Repeat Finding: Finding number 2015-001 is a repeat of finding number 2014-001.

Finding No. 2015-001 (continued)

Recommendation:	We recommend that management anticipate future costs for the next month and request a cash advance based on these anticipated future costs. Further, once cash is received, we recommend that management disburse the expenses within the next month to minimize the time elapsed between the date the cash advance is received and the disbursement of expenses. Interest earned on the advances shall be remitted back to the federal awarding agencies.
Views of Responsible Officials and Planned Corrective Action:	The funds in question were drawn as requested by the funder for spending over the period of the short-term grant. Documentation was provided regarding this matter to the auditors for review. While not a regular occurrence, these advance draws are and have been approved by the funders.

Finding No. 2011-012

National Aeronautics and Space Administration; Cross Agency Support Program – CFDA No. 43.009; Grant No. NHX10AK18G; Grant Period: Year Ended December 31, 2011

Criteria:	The Organization's grant agreements specify that within 90 days after the end of the grant, any overpayment of grant funds shall be remitted to the awarding agency. Any overpayment represents the difference between allowable actual expenditures and total reimbursements received by the grantee.
Condition:	Unspent grant funds totaling $82,275 for grant NHX10AK18G were not returned to the grantor at the end of the grant period. The funds still were not returned as of December 31, 2015.
Questioned Costs:	$82,275.
Context:	The unspent grant funds were noted in connection with the audit for the year ended December 31, 2011. Such funds were not returned to the funding federal agencies as of December 31, 2015 and are included in grant advances in the accompanying consolidated statement of financial position.
Effect:	The Organization was not in compliance with Uniform Guidance.

Finding No. 2011-012 (continued)

Cause:	The Organization did not monitor the level of its expenditures during the grant period and was unaware that unspent funds were available until the grant period passed.
Identification as a Repeat Finding:	Finding number 2011-0012 is a repeat finding.
Recommendation:	We recommend that the Organization implement procedures to monitor grant activity on a monthly basis. The Organization should also ensure that any unspent grant funds are returned within the time frame as outlined in the terms of the grant agreements.
Views of Responsible Officials and Planned Corrective Action:	The Organization continues to work with National Aeronautics and Space Administration (NASA) for a resolution regarding these outstanding funds, as well as a plan to make a timely transfer of the remaining balances deemed refundable. Management will work to resolve this matter quickly. A similar situation occurred under the Department of Energy (DOE) grant DE-FG52-08NA28797 in the amount of $221,554. That amount was subsequently contributed by the DOE to the Organization during 2015 in complete satisfaction of the obligation.

Thurgood Marshall College Fund and Affiliate

Schedule of Prior Audit Findings
For the Year Ended December 31, 2015

Finding No. 2014-001

Department of Defense; Air Force Defense Research Sciences Program – CFDA No. 12.800; Grant No. FA9550-14-1-0046; Grant Period: Year Ended December 31, 2014

Current Status:	Finding still applicable, see Finding No. 2015-001 under schedule of findings and questioned costs.

Finding No. 2011-012

Department of Energy; National Nuclear Security Administration, Minority Serving Institutions Program – CFDA No. 81.123; Grant No. DE-FG52-08NA28797; Grant Period: Year Ended December 31, 2011

National Aeronautics and Space Administration; Cross Agency Support Program – CFDA No. 43.009; Grant No. NHX10AK18G; Grant Period: Year Ended December 31, 2011

Current Status:	On June 24, 2015, the DOE confirmed expending of all funds for grant DE-FG52-08NA28797, thereby closing the prior audit finding and the Organization’s obligation to re-pay the unspent grant funds in the amount of $221,554.
	Finding still applicable for grant number NHX10AK18G, see Finding No. 2011-012 under schedule of findings and questioned costs.