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March 28, 2024

Charter School Board
The Phalen Leadership Academy - Indiana, Inc.
Marion County, Indiana

We have reviewed the Supplemental Audit Report for The Phalen Leadership Academy - Indiana, Inc. prepared by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report on pages 3 through 10. Management's response is on pages 12 and 13.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

SUPPLEMENTAL AUDIT REPORT
THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY, INDIANA
JULY 1, 2022 TO JUNE 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

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**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY, INDIANA
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**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY, INDIANA
SCHEDULE OF OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023**

<u>Office</u>	<u>Official</u>	<u>Term</u>
CEO	Earl Phalen	07/01/2022 – 06/30/2023
CFO	Eva Spilker	07/01/2022 – 06/30/2023



INDEPENDENT AUDITORS' REPORT

School Officials
The Phalen Leadership Academy – Indiana, Inc.
Indianapolis, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of The Phalen Leadership Academy – Indiana, Inc., as of and for the year ended June 30, 2023, and have issued our report thereon dated March 8, 2024. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 8, 2024

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 TO JUNE 30, 2023**

Jim and Rosemary Phalen Leadership Academy (JRPLA)

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT AND ATTENDANCE

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). JRPLA has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for twenty-five (25) of the sixty (60) students tested. These selections were missing the certain forms or forms were incomplete as required by the School's enrollment policy.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.), which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "Eligible pupil" refers to an individual who qualifies as an eligible pupil under IC 20-43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
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George and Veronica Phalen Leadership Academy (GVPLA)

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). GVPLA has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for thirty-four (34) of the sixty (60) students tested. These selections were missing the certain forms or forms were incomplete as required by the School's enrollment policy.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "'Eligible pupil' refers to an individual who qualifies as an eligible pupil under IC 20- 43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9) JRPLA officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment applicable to JRPLA because of incorrect reporting.

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 TO JUNE 30, 2023**

Phalen @ George H Fisher 93 (PLA93)

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT AND ATTENDANCE

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). PLA93 has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for seventeen (17) of the sixty (60) students tested. These selections were missing the certain forms or forms were incomplete as required by the School's enrollment policy.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "Eligible pupil" refers to an individual who qualifies as an eligible pupil under IC 20- 43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/ Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
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Jim and Rosemary Phalen Leadership Academy High School (JRPLA HS)

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT AND ATTENDANCE

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). JRPLA HS has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for twenty-four (24) of the sixty (60) students tested. These selections were missing the certain forms or forms were incomplete as required by the School's enrollment policy.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "Eligible pupil" refers to an individual who qualifies as an eligible pupil under IC 20- 43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/ Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 TO JUNE 30, 2023**

Phalen Leadership Academy at Francis Scott Key 103 (PLA103)

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT AND ATTENDANCE

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). PLA103 has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for six (6) of the sixty (60) students tested. These selections were missing the certain forms or forms were incomplete as required by the School's enrollment policy.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "'Eligible pupil' refers to an individual who qualifies as an eligible pupil under IC 20- 43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 TO JUNE 30, 2023**

Phalen Virtual Leadership Academy (PLAVS)

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT AND ATTENDANCE

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). The process used did not result in maintaining consistent and complete enrollment records for fourteen (14) of the ninety (90) students tested. In addition, the process used to determine eligible pupil status resulted in two (2) of the ninety (90) students tested at PLAVS being included in the ADM count that did not have attendance records to support their inclusion in the count date reporting and certification.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "Eligible pupil" refers to an individual who qualifies as an eligible pupil under IC 20- 43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

PLAVS officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment applicable to PLAVS because of incorrect reporting.

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 TO JUNE 30, 2023**

Louis B Russel Jr. School 48 (PLA48)

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT AND ATTENDANCE

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). PLA48 has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for five (5) of the sixty (60) students tested. These selections were missing the certain forms or forms were incomplete as required by the School's enrollment policy.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "'Eligible pupil' refers to an individual who qualifies as an eligible pupil under IC 20- 43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
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Promise Prep (PP)

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT AND ATTENDANCE

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). PP has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for eight (8) of the fifteen (15) students tested. These selections were missing the certain forms or forms were incomplete as required by the School's enrollment policy.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "'Eligible pupil' refers to an individual who qualifies as an eligible pupil under IC 20- 43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

VENDOR DISBURSEMENTS – SALES TAX EXEMPTION

Sales tax can be avoided or reimbursed for purchases eligible under the state tax exemption guidelines. During our testing of vendor disbursements noted there were four (4) instances of the 25 disbursement selections where PP paid sales tax.

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.
MARION COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023**

The contents of this report were discussed with Eva Spilker, Chief Financial Officer, and Carlo Hershberger, Assistant Director of Finance, on March 1, 2024. The Official Response has been made a part of this report and may be found on page 12.



Phalen Leadership Academies

February 29, 2024

To Whom It May Concern,

Below is a brief description of Phalen Leadership Academies (PLA)'s plan of action to help improve the overall management of scholar documentation and data reporting processes.

As part of our efforts to efficiently assess data gaps and ensure data accuracy when reporting to the state and authorizers, PLA Compliance conducts two internal SIS and scholar documentation audits throughout the school year. As such, our plan of action is to continue to implement these and expand on the list of recommendations that are provided to school leaders and the administrative staff at the end of each audit.

The areas of core focus to help bring a systematic and disciplined approach when evaluating the effectiveness of our policies and processes are as follow:

Assurance: The review of evidence received from schools for the purpose of providing an assessment on data reporting compliance and the management of the enrollment documentation collected. This includes SIS data reporting audits within the areas of scholar enrollment status (serving ADM), attendance (serving EOY ADA), in addition to the collection of all applicable initial enrollment documentation collected from families.

Follow-up: At the conclusion of each audit, Compliance provides feedback to the schools based on all findings. A follow-up is conducted with the administrative staff and school leaders to ensure that all recommendations are turned into action and that the necessary steps are taken to remedy all findings.

Monitoring: Monthly and/or quarterly monitoring are also conducted to ensure that the targeted areas of data reporting are properly managed throughout the school year. This helps support our efforts to sustain and report accurate data during the different reporting periods.

Please note that IDOE summary reports have been completed accurately for the previous 2022-23SY and year-to-date for the current 2023-24SY, therefore we will continue to implement the same processes in this area. As in previous years and as part of our continuous efforts to maintain transparency, we will continue to reach out to IDOE Finance regarding all financial adjustments needed. Finally, as part of our improvement plan, Compliance is working to implement a new process that allows school administrators to scan and attach documentation to a scholar's SIS record. This capability will help support our goals to improve the overall management of scholar documentation.

As we continue with our efforts to provide a systematic approach to support our scholars and remain compliant, at the end of the school year, we also reevaluate our current practices to ensure we adapt to any new state regulations and authorizer mandates.

Sincerely,

Lili Gilbes

Lili Gilbes

Regional Director of Compliance & State Reporting



Phalen Leadership Academies

February 29, 2024

To Whom It May Concern,

RE: Promise Prep – Vendor Disbursements – Sales Tax Exemption

Phalen Leadership Academies plan of action to improve is to provide training and ensure staff involved in the procurement process have access to the sales tax exemption certificate and is remitted to vendors at the time a purchase is made.

Sincerely,

A handwritten signature in black ink that reads "Carlo Hershberger". The signature is written in a cursive style.

Carlo Hershberger
Director of Finance and Accounting



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