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August 4, 2022

Charter School Board  
The Phalen Leadership Academy - Indiana, Inc.  
2323 North Illinois St.  
Indianapolis, IN 46208

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, 2020 to June 30, 2021. 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 9. Management's response is on pages 11 through 12.

The Supplemental Audit Report and associated audited Financial Statements are filed 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, 2020 TO JUNE 30, 2021**



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**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.  
SUPPLEMENTAL AUDIT REPORT  
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**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.**

**SCHEDULE OF OFFICIALS**

<u>Office</u>	<u>Official</u>	<u>Term</u>
CEO	Earl Phalen	2012 – Present
CFO	Eva Spilker	2013 – Present



CliftonLarsonAllen LLP  
CLAconnect.com

## INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT 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, 2021, and have issued our report thereon dated March 15, 2022. 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
March 15, 2022



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**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.  
MARION COUNTY, INDIANA  
AUDIT RESULTS AND COMMENTS  
JULY 1, 2020 TO JUNE 30, 2021**

**Jim and Rosemary Phalen Leadership Academy (JRPLA)**

Findings resulting from compliance procedures performed for JRPLA are as follows:

**INCLUSION OF SALES TAX**

During testing, it was noted that there were five (5) occasions out of the forty (40) disbursements tested in which the invoices were paid and included 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. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**AVERAGE DAILY MEMBERSHIP TESTING**

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 37 of the 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, 2020 TO JUNE 30, 2021**

**George and Veronica Phalen Leadership Academy (GVPLA)**

Findings resulting from compliance procedures performed for GVPLA are as follows:

**INCLUSION OF SALES TAX**

During testing, it was noted that there were seven (7) occasions out of the forty (40) disbursements tested in which the invoices were paid and included 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. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**PAYMENT OF LATE FEES**

During testing, it was noted that there was one (1) occasion out of the forty (40) disbursements tested in which the invoice was paid and included late fees.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**THE PHALEN LEADERSHIP ACADEMY – INDIANA, INC.**  
**MARION COUNTY, INDIANA**  
**AUDIT RESULTS AND COMMENTS**  
**JULY 1, 2020 TO JUNE 30, 2021**

**AVERAGE DAILY MEMBERSHIP TESTING**

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 forty-one (41) 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, 2020 TO JUNE 30, 2021**

**Phalen @ George H Fisher 93 (PLA93)**

Findings resulting from compliance procedures performed for PLA93 are as follows:

**INCLUSION OF SALES TAX**

During testing, it was noted that there were five (5) occasions out of the forty (40) disbursements tested in which the invoices were paid and included 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. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**AVERAGE DAILY MEMBERSHIP TESTING**

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 forty-eight (48) 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, 2020 TO JUNE 30, 2021**

**Jim and Rosemary Phalen Leadership Academy High School (JRPLA HS)**

**AVERAGE DAILY MEMBERSHIP TESTING**

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 fifty-six (56) 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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**Phalen Leadership Academy at Francis Scott Key 103 (PLA103)**

**AVERAGE DAILY MEMBERSHIP TESTING**

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 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, 2020 TO JUNE 30, 2021**

**Phalen Virtual Leadership Academy (PLAVS)**

**AVERAGE DAILY MEMBERSHIP TESTING**

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). PLAVS 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 (30) 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  
EXIT CONFERENCE  
JULY 1, 2020 TO JUNE 30, 2021**

The contents of this report were discussed with Eva Spilker, Chief Financial Officer, on March 1, 2022. The Official Response has been made a part of this report and may be found on page 11.

# PHALEN LEADERSHIP ACADEMIES



The Phalen Leadership Academy – Indiana, Inc  
SBOA Audit Finding Responses  
For the Year Ended June 30, 21

## **Jim and Rosemary Phalen Leadership Academy (JRPLA)**

Inclusion of Sales Tax – the school will ensure that all vendors have a current Sales Tax Exemption Certificate and request that all invoices that include sales tax are revised to remove the sales tax.

Average Daily Membership Testing – the school will ensure that enrollment records are maintained in accordance with State Board of Account requirements and are reported in the ADM Summary Report according to State Board of Accounts requirements.

## **George and Veronica Phalen Leadership Academy (GVPLA)**

Inclusion of Sales Tax – the school will ensure that all vendors have a current Sales Tax Exemption Certificate and request that all invoices that include sales tax are revised to remove the sales tax.

Payment of Late Fees – the school will ensure that all invoices are received and paid on time to avoid any vendor late fee charges.

Average Daily Membership Testing – the school will ensure that enrollment records are maintained in accordance with State Board of Account requirements and are reported in the ADM Summary Report according to State Board of Accounts requirements.

## **Phalen @ George H Fisher 93 (PLA93)**

Inclusion of Sales Tax – the school will ensure that all vendors have a current Sales Tax Exemption Certificate and request that all invoices that include sales tax are revised to remove the sales tax.

Average Daily Membership Testing – the school will ensure that enrollment records are maintained in accordance with State Board of Account requirements and are reported in the ADM Summary Report according to State Board of Accounts requirements.

## **Jim & Rosemary Phalen Leadership Academy High School (JRPLA High School)**

Average Daily Membership Testing – the school will ensure that enrollment records are maintained in accordance with State Board of Account requirements and are reported in the ADM Summary Report according to State Board of Accounts requirements.

## **Phalen Leadership Academy at Francis Scott Key 103 (PLA103)**

Average Daily Membership Testing – the school will ensure that enrollment records are maintained in accordance with State Board of Account requirements and are reported in the ADM Summary Report according to State Board of Accounts requirements.

## **Phalen Virtual Leadership Academy (PLAVS)**

Average Daily Membership Testing – the school will ensure that enrollment records are maintained in accordance with State Board of Account requirements and are reported in the ADM Summary Report according to State Board of Accounts requirements.

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