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State Examiner

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May 21, 2026

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

We have reviewed the audit report of The Phalen Leadership Academy - Indiana, Inc. which was opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2024 to June 30, 2025. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of The Phalen Leadership Academy - Indiana, Inc. as of June 30, 2025 and the results of its operations for the period then ended on the basis of accounting described in the report.

In our opinion, CliftonLarsonAllen LLP prepared the audit report in accordance with guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a supplemental report for The Phalen Leadership Academy - Indiana, Inc., was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

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

Beth Kelley, CPA, CFE
Deputy State Examiner

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2025 AND 2024



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THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10
OTHER REPORT	21
SUPPLEMENTARY INFORMATION	
SCHEDULES OF FINANCIAL POSITION BY SCHOOL	22
SCHEDULES OF ACTIVITIES BY SCHOOL	26
SCHEDULES OF FUNCTIONAL EXPENSES BY SCHOOL	34
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 <i>GOVERNMENT AUDITING STANDARDS</i>	42
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	44
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	47
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	48
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	49



INDEPENDENT AUDITORS' REPORT

Board of Directors
The Phalen Leadership Academy – Indiana, Inc.
Indianapolis, Indiana

Report on the Financial Statements

Opinion

We have audited the financial statements of The Phalen Leadership Academy – Indiana, Inc. (PLA), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of PLA, as of June 30, 2025 and 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PLA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PLA's ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 PLA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PLA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The supplementary information included in the schedules of financial position, activities, and functional by school are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026, on our consideration of PLA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the PLA's 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 PLA's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Indianapolis, Indiana
February 27, 2026

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,913,102	\$ 2,819,251
Grants and Operator Receivables	2,551,121	2,662,181
Related Party Accounts Receivable	14,001,247	16,225,399
Prepaid Assets	22,988	-
Total Current Assets	20,488,458	21,706,831
PROPERTY AND EQUIPMENT		
Land	300,000	300,000
Building and Improvements	7,304,736	7,064,542
Leasehold Improvements	4,429,706	4,429,706
Furniture and Equipment	991,040	1,012,146
Books and Educational Materials	830,556	830,556
Computer Software	194,352	169,352
Computer Equipment	476,360	476,360
Vehicles	166,228	139,685
Total, at Cost	14,692,978	14,422,347
Less: Accumulated Amortization	5,268,905	4,800,686
Total Property and Equipment	9,424,073	9,621,661
OTHER ASSETS		
Right-of-Use Lease Asset, Net	1,176,963	1,134,201
Security Deposit	1,000,000	1,000,000
Total Assets	<u>\$ 32,089,494</u>	<u>\$ 33,462,693</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,241,491	\$ 2,648,936
Related Party Payables	981,621	8,531,737
Current Portion of Notes Payable	560,853	172,245
Current Portion of Notes Payable - Affiliate	244,027	70,338
Deferred Revenue	1,163,500	118,224
Accrued Liabilities	1,761,400	1,788,088
Current Portion of Right-of-Use Lease Liability	232,137	152,116
Total Current Liabilities	8,185,029	13,481,684
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	2,042,077	2,602,930
Notes Payable, Net of Current Portion - Affiliate	2,407,063	2,815,930
Right-of-Use Lease Liability, Net of Current Portion	958,413	1,008,084
Total Long-Term Liabilities	5,407,553	6,426,944
Total Liabilities	13,592,582	19,908,628
NET ASSETS		
Without Donor Restrictions:		
Undesignated	12,793,701	12,851,035
With Donor Restrictions:		
Purpose Restrictions	5,703,211	703,030
Total Net Assets	18,496,912	13,554,065
Total Liabilities and Net Assets	<u>\$ 32,089,494</u>	<u>\$ 33,462,693</u>

See accompanying Notes to Financial Statements.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND CONTRIBUTED SUPPORT			
REVENUE			
Contributions and Donations	\$ 410,687	\$ 5,000,181	\$ 5,410,868
Grant Revenue	44,602,259	-	44,602,259
In-Kind Revenue	5,604,729	-	5,604,729
Other Revenue	1,334,305	-	1,334,305
Total Revenue and Contributed Support	<u>51,951,980</u>	<u>5,000,181</u>	<u>56,952,161</u>
EXPENSES			
Program Services:			
Academics	42,949,113	-	42,949,113
Supporting Services:			
General and Administrative	9,060,201	-	9,060,201
Total Expenses	<u>52,009,314</u>	<u>-</u>	<u>52,009,314</u>
CHANGE IN NET ASSETS	(57,334)	5,000,181	4,942,847
Net Assets - Beginning of Year	<u>12,851,035</u>	<u>703,030</u>	<u>13,554,065</u>
NET ASSETS - END OF YEAR	<u><u>\$ 12,793,701</u></u>	<u><u>\$ 5,703,211</u></u>	<u><u>\$ 18,496,912</u></u>

See accompanying Notes to Financial Statements.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND CONTRIBUTED SUPPORT			
REVENUE			
Contributions and Donations	\$ 7,696,173	\$ 225,480	\$ 7,921,653
Grant Revenue	19,129,771	-	19,129,771
Operator Revenue	643,150	-	643,150
In-Kind Revenues	5,977,745	-	5,977,745
Other Revenue	18,422,162	-	18,422,162
Total Revenue and Contributed Support	51,869,001	225,480	52,094,481
EXPENSES			
Program Services:			
Academics	41,162,139	-	41,162,139
Supporting Services:			
General and Administrative	9,158,897	-	9,158,897
Total Expenses	50,321,036	-	50,321,036
CHANGE IN NET ASSETS	1,547,965	225,480	1,773,445
Net Assets - Beginning of Year	11,303,070	477,550	11,780,620
NET ASSETS - END OF YEAR	<u>\$ 12,851,035</u>	<u>\$ 703,030</u>	<u>\$ 13,554,065</u>

See accompanying Notes to Financial Statements.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	Program Services	Supporting Services	Total
	Academics	General and Administrative	Expenses
Salaries and Benefits	\$ 24,864,677	\$ 5,086,596	\$ 29,951,273
Professional Services	775,641	226,449	1,002,090
Information Technology	2,322,250	2,219,942	4,542,192
Legal and Accounting	-	226,874	226,874
Professional Development	143,441	239,002	382,443
Cleaning Services	487,590	-	487,590
Security Services	251,836	-	251,836
Utilities	496,216	9,204	505,420
Materials and Supplies	2,821,270	377,521	3,198,791
Nutritional Support	2,516,437	-	2,516,437
Sales, Marketing, and Community Relations	26,774	-	26,774
Program Transportation Services	3,030,876	-	3,030,876
Travel and Entertainment	285,860	34,163	320,023
Interest Expense	-	198,652	198,652
Rent and Facilities	2,281,635	-	2,281,635
Depreciation and Amortization	468,216	-	468,216
Insurance	-	408,604	408,604
Repairs and Maintenance	963	-	963
In-Kind Services Received	2,175,431	-	2,175,431
Miscellaneous	-	33,194	33,194
	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$ 42,949,113</u></u>	<u><u>\$ 9,060,201</u></u>	<u><u>\$ 52,009,314</u></u>

See accompanying Notes to Financial Statements.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	Supporting Services	
	Academics	General and Administrative	Total Expenses
Salaries and Benefits	\$ 23,418,699	\$ 4,611,205	\$ 28,029,904
Professional Services	2,552,470	229,082	2,781,552
Information Technology	815,968	3,422,271	4,238,239
Legal and Accounting	-	173,705	173,705
Professional Development	43,088	208,860	251,948
Cleaning Services	491,232	-	491,232
Security Services	226,796	-	226,796
Utilities	403,108	8,051	411,159
Materials and Supplies	4,618,151	229,891	4,848,042
Nutritional Support	1,769,442	-	1,769,442
Sales, Marketing, and Community Relations	64,448	-	64,448
Travel and Entertainment	2,695,678	36,709	2,732,387
Interest Expense	-	214,615	214,615
Rent and Facilities	3,207,142	-	3,207,142
Depreciation and Amortization	467,227	-	467,227
Insurance	385,742	-	385,742
Repairs and Maintenance	1,080	-	1,080
Miscellaneous	1,868	24,508	26,376
	<u>\$ 41,162,139</u>	<u>\$ 9,158,897</u>	<u>\$ 50,321,036</u>
Total	<u>\$ 41,162,139</u>	<u>\$ 9,158,897</u>	<u>\$ 50,321,036</u>

See accompanying Notes to Financial Statements.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,942,847	\$ 1,773,445
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided (Used) by Operating Activities:		
Depreciation	300,500	467,227
Noncash Operating Lease Activities	(12,412)	9,998
Changes in Operating Assets and Liabilities:		
Grants and Operator Receivables	111,060	3,012,109
Related Party Accounts Receivable	2,224,152	(5,462,752)
Prepaid Assets	(22,988)	-
Accounts Payable	592,555	(583,171)
Related Party Payables	(7,550,116)	2,444,009
Deferred Revenue	1,045,276	118,224
Accrued Liabilities	(26,688)	438,458
Net Cash Provided by Operating Activities	<u>1,604,186</u>	<u>2,217,547</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(102,912)	(316,553)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(172,245)	(165,459)
Principal Payments on Long-Term Debt - Affiliate	<u>(235,178)</u>	<u>(224,593)</u>
Net Cash Used by Financing Activities	<u>(407,423)</u>	<u>(390,052)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,093,851	1,510,942
Cash and Cash Equivalents - Beginning of Year	<u>2,819,251</u>	<u>1,308,309</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,913,102</u></u>	<u><u>\$ 2,819,251</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Interest Paid	<u><u>\$ 198,652</u></u>	<u><u>\$ 214,615</u></u>

See accompanying Notes to Financial Statements.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

George and Veronica Phalen Leadership Academies (PLA) is a nonprofit network of tuition-free public schools that help children excel in their academics and grow as well-rounded individuals. The PLA instructional model is evidence-based, designed by highly successful educators, and focuses on instruction that is personalized and data-driven. The model utilizes best practices including daily differentiated, data-driven instruction and intervention, frequent assessments, and regular progress feedback. This creates a uniquely rigorous and personalized learning experience for every child. At PLA, scholars have a safe and caring learning environment. Educators experience continued professional development and growth opportunities to best meet their scholars' needs. Scholars grow socially, emotionally, and physically through art, music, physical fitness, college- and career-focused visits, scholar-led community service projects, and more. Embedded throughout our program is an emphasis on helping our scholars develop a strong sense of self and character; build connections to their community and futures; and thrive as leaders at home, in their communities, and in the world.

To achieve these goals, PLA employs three distinct business models to operate its schools:

The Direct Model

Under this model, new charter schools are opened and operated under a charter created, activated, and owned by PLA. Our approach builds on the success of Founder and CEO Earl Martin Phalen's 25-year pioneering track record in education.

PLA's first school, the George and Veronica Phalen Leadership Academy (GVPLA), opened in 2013. PLA also opened the James and Rosemary Phalen Leadership Academy (JRPLA) as a Middle School in July 2017. In July 2019, PLA converted the Phalen Leadership Academy at George Fisher (PLA93) into the turnaround model. In July 2022, PLA acquired Promise Prep.

All Direct Model schools are located in Indianapolis, Indiana.

The Turnaround Model

Under this model, PLA helps to transform chronically low-performing public schools into the high-quality schools children need and deserve. PLA started turnaround work when it partnered with Indianapolis Public School (IPS) to operate PLA 103, an Innovation Network School. In July 2019, PLA was selected to operate PLA 48 starting in the 2020-2021 school year.

Expenses incurred by PLA on behalf of the schools are reimbursed by IPS. All revenues received from IPS for the operation of PLA 103 are captured as Operator Revenue in the statements of activities. PLA also recognizes in-kind revenue and expense for services provided directly to the schools including transportation, building use, and other services (see Note 10).

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The CMO

PLA utilizes the Central Management Office (CMO) to expand its turnaround model to help more children attending chronically low-performing schools excel. The CMO provides crucial support to partner schools to ensure school leadership can focus fully on high-quality education. Functional areas of support include human resources, financial management, facilities, food services, performance management, policy development, legal counsel, grants management, on-site quality assurance monitoring and support.

PLA enters into management agreements with these schools to leverage the Turnaround Model. Under these agreements, PLA is paid a management fee for services related to operating the school; however, the school is responsible for acceptance and payment of all expenses.

Management fees received under these CMO agreements are recorded as Operator Revenue in the statements of activities.

Our ultimate goal is that scholars gain academic mastery, and demonstrate strong character, as exhibited by: honesty, service to others, a superior work ethic, and a strong vision for and belief in their futures. We believe that with the right education, all children can fulfill their tremendous innate potential.

Use of Estimates in Preparing Financial Statements

The preparation of 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

PLA considers all demand accounts to be cash. PLA had no cash equivalents at June 30, 2025 or 2024.

Grants Receivable

Grants receivable represent the uncollected portion of funds from grants awarded to PLA. Management has deemed these amounts to be fully collectible within one year.

Property and Equipment

Property and equipment are reported at cost, less accumulated depreciation. Improvements and replacements greater than \$5,000 of major property additions are capitalized. Repairs, maintenance, and minor replacements are expensed.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Depreciation is provided on the straight-line method over the estimated useful lives of the assets which are as follows:

Building and Improvements	30 Years
Leasehold Improvements	30 Years
Furniture and Equipment	7 to 15 Years
Books and Educational Materials	5 Years
Computer Software and Equipment	3 Years

Impairment of Long-Lived Assets

On an ongoing basis, PLA reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. PLA recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the discounted cash flows.

Security Deposit

Upon closing of the lease of the building for JRPLA, PLA was obligated to make a one-time cash deposit that would be applied to the PLA's future purchase of the property. This deposit is not refundable.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue

Revenues generally come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Accordingly, the School recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2025 and 2024, the School had \$1,163,500 and \$118,224, respectively, of deferred revenue for grant funds received in advance of related reimbursable expenses.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

Contributions and Donations – PLA reports gifts of cash and other assets from various organizations and private donors as restricted support if they are received with donor 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, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statements of activities as Net Assets Released from Restrictions.

Volunteers provide program services through the year that are not recognized as contributions in the financial statements since they do not meet the recognition criteria. Such services include volunteering at events, in classrooms and clerical assistance.

Grant Revenue – PLA receives monies from federal and state organizations, primarily under the Direct Model in which PLA is the direct recipient of the related grant.

Operator Revenue – Operator revenue is reported at the amount that reflects the consideration to which PLA expects to be entitled in exchange for providing services under the terms of the agreements with the Turnaround and CMO Model schools. Operator revenue consists of the monies received under the agreements under Turnaround and CMO Model schools. This represents fees related to those management services, as well as any reimbursement for expenses incurred by PLA on the individual school's behalf. Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by PLA included in the agreements. Revenue for performance obligations satisfied over time is recognized based on actual services provided. PLA believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Contract assets included in operator receivables and related party receivables was \$152,273 and \$263,714 as of June 30, 2025 and 2024, respectively.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue (Continued)

In-Kind Support – Contributions of services received are recognized if the services (a) create or enhance nonfinancial assets of (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. See Note 10 for further details.

Advertising

PLA expenses advertising costs as they are incurred. Advertising expense for the year ended June 30, 2025 and 2024 totaled \$21,000 and \$54,194, respectively.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited using a direct expense allocation method.

Income Taxes

PLA has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2025 and 2024, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2022 are open to audit for both federal and state purposes.

Leases

PLA determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the balance sheet.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent PLA's right to use an underlying asset for the lease term and lease liabilities represent PLA's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that PLA will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. PLA has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, PLA has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

PLA has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassification had no impact on previously reported net assets.

Subsequent Events

Management evaluated subsequent events through February 27, 2026, the date the financial statements were available to be issued. Management has determined that no subsequent events exist.

NOTE 2 LIQUIDITY AND AVAILABILITY

PLA has \$20,465,470 and \$21,706,831 of assets available within one year of the statement of financial position date consisting of cash, grants receivable, and related party accounts receivable at June 30, 2025 and 2024, respectively. This includes \$5,703,211 and \$703,750 which is subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the financial statement date at June 30, 2025 and 2024, respectively. PLA does not currently have any liquidity management policies in place.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 NOTES PAYABLE

PLA notes payable consist of the following at June 30:

<u>Description</u>	<u>2025</u>	<u>2024</u>
6.375% note payable, principal and unpaid accrued interest due at April 1, 2041, secured by the property located at 2323 North Illinois Street, Indianapolis, Indiana 46208.	\$ 448,341	\$ 510,917
2.527% note payable at the federal tax exempt rate set to re-price every five years (next re-price in March 2026), principal and unpaid accrued interest due at March 1, 2041, secured by the property located at 2323 North Illinois Street, Indianapolis, IN 46208.	<u>2,154,589</u>	<u>2,264,258</u>
Total	2,602,930	2,775,175
Less: Current Portion	<u>560,853</u>	<u>172,245</u>
Notes Payable Less Current Portion	<u><u>\$ 2,042,077</u></u>	<u><u>\$ 2,602,930</u></u>

PLA is subject to financial reporting loan covenants associated with the above notes payable. As of June 30, 2025 and 2024, management is in compliance with these covenants. PLA has received waivers regarding these covenants from the lenders.

Future maturities of all notes payable, including related party notes payable (see Note 9), are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 804,880
2027	804,881
2028	369,398
2029	382,607
2030	396,573
Thereafter	<u>2,495,681</u>
Total	<u><u>\$ 5,254,020</u></u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 CONCENTRATION OF CREDIT RISK

PLA maintains its cash in bank accounts at a single financial institution. At June 30, 2025 and 2024, balances in PLA's deposit accounts were insured by the FDIC up to \$250,000 per depositor bank. As of June 30, 2025 and 2024 and from time-to-time throughout the year, PLA has cash balances on deposit in excess of insured limits but has not experienced any losses.

Credit risk related to grants receivable is limited due to PLA's ability to accomplish the terms of the grants. No credit losses related to grants receivable were incurred during the years ended June 30, 2025 and 2024.

PLA receives operating funds from the Indiana Department of Education which amounted to over 75% and 63% of the total revenue and contributed support for the years ended June 30, 2025 and 2024, respectively. Operating revenues are determined under a state funding formula based on the number of students enrolled during the school year.

Certain grants and contracts may be subject to audit by the funding sources. Such audits might result in disallowances of costs submitted for reimbursement. Management is of the opinion that such cost disallowances, if any, will not have a material effect on the accompanying financial statements. Accordingly, no amounts have been provided in the accompanying financial statements for such potential claims.

NOTE 5 LEASES

PLA leases operating facilities under from third parties under long-term, noncancelable lease agreements. The leases expire in at various dates from 2025 through 2031. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was \$268,523 and \$204,181 for the years ended June 30, 2025 and 2024, respectively.

	<u>2025</u>	<u>2024</u>
Lease Cost:		
Operating Lease Cost	<u>\$ 268,523</u>	<u>\$ 204,181</u>
Other Information:		
Operating Cash Flows from Operating Leases	\$ 268,523	\$ 204,181
Weighted-Average Remaining Lease Term -		
Operating Leases	5.4 years	6.9 Years
Weighted-Average Discount Rate - Operating Leases	2.85%	3.01%

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 LEASES (CONTINUED)

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>
2026	\$ 260,669
2027	258,051
2028	204,684
2029	178,000
2030	178,000
Thereafter	178,000
Undiscounted Cash Flows	1,257,403
(Less) Imputed Interest	(66,853)
Total Present Value	<u>\$ 1,190,550</u>
Short-Term Lease Liabilities	\$ 232,137
Long-Term Lease Liabilities	958,413
Total	<u>\$ 1,190,550</u>

NOTE 6 RETIREMENT PLANS

PLA has a 403(b) retirement plan. The plan is contributory only and requires no contribution by PLA. PLA does contribute 7.5% of the salary for all teaching staff. The plan is qualified under Section 403(b)(9) of the IRC. Total contributions to the plan for the years ended June 30, 2025 and 2024 was \$924,139 and \$877,218, respectively.

NOTE 7 PENSION PLANS

PLA provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF), which is a cost-sharing multiemployer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2025 and 2024, the School contributed 6.5%, of compensation for eligible teaching personnel to TRF. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. PLA's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2024 (the latest year reported), TRF was approximately 85% funded.

Retirement plan expense under TRF was \$404,895 and \$360,250 for the years ended June 30, 2025 and 2024, respectively.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 RELATED PARTY TRANSACTIONS

PLA paid Entrepreneurial Ventures in Education (EVE), its parent company, \$2,349,003 and \$3,090,691, respectively, in the years ended June 30, 2025 and 2024 for reimbursement of management related functions. These represent Due To and Due From parent company to or from PLA. Amounts due from EVE at June 30, 2025 and 2024 was \$9,044,209 and \$16,321,776, respectively. Amounts due to EVE at June 30, 2025 and 2024 was \$330,833 and \$8,195,287, respectively.

PLA and TLJ, MECC, TBLA, and HIAT are considered to be entities under common management by virtue of management service agreements with EVE or PLA. For the years ended June 30, 2024, PLA had receivables from TLJ for \$109,167. There were no receivables for MECC, TBLA, and HIAT at June 30, 2025 and 2024. For the years ended June 30, 2024, PLA had revenues from TLJ and TBLA of \$643,150.

In February 2016, the GVPLA entered into a 25-year agreement for \$2,100,000 for its school facility with a member of the board. That organization is controlled by a separate and independent board of directors. PLA is required to make monthly rental payments in the amount of \$11,085 and an interest rate of 4%. For the years ended June 30 2025 and 2024, principal payments of \$47,775 and \$66,910 were made, respectively.

In December 2019, JRPLA entered into a loan with James Phalen for \$750,000. The loan requires monthly interest only payments at an interest rate of 3%. The principal balance of the loan was due on January 1, 2025. During the year-ended June 30, 2021, JRPLA entered into an agreement with a member of the board. As part of the agreement, the \$750,000 balance of the James Phalen loan was transferred to a renovations loan with the board member and an additional \$1,000,000 was obtained as well for a total loan balance of \$1,750,000. PLA is required to make monthly payments in the amount of \$17,718 and an interest rate of 4%. For the years ended June 30, 2025 and 2024, principal payments of \$150,877 and \$158,386 and were made, respectively.

Related party notes payable consists of the following at June 30:

<u>Description</u>	<u>2025</u>	<u>2024</u>
4% note payable, principal and unpaid accrued interest due at April 1, 2041, secured by the property located at 2323 North Illinois Street, Indianapolis, Indiana 46208. Subordinated.	\$ 1,546,540	\$ 1,616,878
4% note payable, due in monthly installments of \$17,718, remaining principal and accrued interest due at April 1, 2031, secured by the property located at 2323 North Illinois Street, Indianapolis, Indiana 46208. Subordinated.	1,104,550	1,269,390
Total	2,651,090	2,886,268
Less: Current Portion	244,027	70,338
Related Party Notes Payable Less Current Portion	<u>\$ 2,407,063</u>	<u>\$ 2,815,930</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 NET ASSETS WITH DONOR RESTRICTION

During the years ended June 30, 2025 and 2024, PLA had \$5,703,211 and \$703,030 of net assets with donor restriction restricted for future use associated with a construction project, respectively. There were no net assets released from donor restrictions by incurring expenses satisfying the purpose of the agreement for the years ended June 30, 2025 and 2024.

NOTE 10 DONATED PROFESSIONAL SERVICES AND MATERIALS

IPS contributes significant amounts of resources to the School's program services at PLA 103, PLA 93, PLA 48, and PLA Virtual. In-kind contributions for the years ended June 30, 2025 and 2024 were as follows: building and facilities usage, utilities and building maintenance, security, SPED personnel, other personnel, transportation, and food service were recognized in the amount of \$5,604,729 and \$5,977,745 for the period, respectively. The in-kind contributions are recorded as revenue on the statement of activities based upon the market value provided by IPS. The expenses are included in their natural classification on the statement of functional expenses based upon the break-out provided by IPS.

Donated professional services and materials are as follows for the years ended June 30, 2025 and 2024:

	2025			
	PLA 103	PLA 93	PLA 48	Total
Building and Facilities Usage	\$1,064,923	\$653,414	\$936,647	\$2,654,984
Maintenance of Buildings and Equipment	450,912	270,662	369,222	1,090,796
Grounds Maintenance	19,230	46,971	18,849	85,050
Security	128,982	78,063	47,362	254,407
Transportation	692,927	478,520	324,856	1,496,303
Food Service	-	-	-	-
Financial Consideration	(6,250)	(6,250)	(6,250)	(18,750)
Public Engagement	21,262	12,868	7,809	41,939
Total	<u>\$ 2,371,986</u>	<u>\$ 1,534,248</u>	<u>\$ 1,698,495</u>	<u>\$ 5,604,729</u>

	2024			
	PLA 103	PLA 93	PLA 48	Total
Building and Facilities Usage	\$ 1,197,070	\$ 734,497	\$ 1,052,877	\$ 2,984,444
Maintenance of Buildings and Equipment	511,689	248,690	461,289	1,221,668
Grounds Maintenance	97,796	19,453	5,538	122,787
Security	101,518	66,656	41,640	209,814
Transportation	565,055	498,623	359,136	1,422,814
Food Service	-	-	-	-
Financial Consideration	(6,250)	(6,250)	(6,250)	(18,750)
Public Engagement	16,919	11,110	6,939	34,968
Total	<u>\$ 2,483,797</u>	<u>\$ 1,572,779</u>	<u>\$ 1,921,169</u>	<u>\$ 5,977,745</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2025

The report presented herein was prepared in addition to another official report prepared for The Phalen Leadership Academy – Indiana, Inc. as listed below:

Supplemental Audit Report of Phalen Leadership Academy – Indiana, Inc.

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	GVPLA	PLA 103	PLA 93	CMO	JRPLA	JRPHS
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 57,948	\$ 138,727	\$ 297,014	\$ 12,642	\$ 2,416,086	\$ 163,444
Grants and Operator Receivables	582,559	384,077	386,778	-	297,572	414,371
Related Party Accounts Receivable	2,861,592	13,560,669	5,226,605	152,273	4,281,027	4,251,515
Prepaid Assets	-	-	-	-	-	-
Total Current Assets	3,502,099	14,083,473	5,910,397	164,915	6,994,685	4,829,330
PROPERTY AND EQUIPMENT						
Land	-	-	-	-	-	-
Building and Improvements	6,775,248	-	-	-	-	529,488
Leasehold Improvements	310,657	-	108,213	-	4,301,636	9,200
Furniture and Equipment	508,832	220,337	-	-	233,871	28,000
Books and Educational Materials	164,966	383,435	201,804	-	80,351	-
Computer Software	49,977	-	54,775	-	64,600	-
Computer Equipment	155,188	87,684	26,500	-	206,988	-
Vehicles	-	-	-	-	-	100,728
Total, at Cost	7,964,868	691,456	391,292	-	4,887,446	667,416
Less: Accumulated Depreciation	3,040,748	682,286	314,371	-	1,094,413	106,523
Total Property and Equipment	4,924,120	9,170	76,921	-	3,793,033	560,893
OTHER ASSETS						
Right-of-Use Lease Asset, Net	54,795	-	-	-	52,796	75,632.00
Security Deposit	-	-	-	-	1,000,000	-
Total Assets	\$ 8,481,014	\$ 14,092,643	\$ 5,987,318	\$ 164,915	\$ 11,840,514	\$ 5,465,855
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 433,612	\$ 648,492	\$ 358,956	\$ -	\$ 472,297	\$ 635,076
Related Party Payables	3,567,054	1,322,160	1,088,819	-	6,874,992	4,350,568
Current Portion of Notes Payable	560,853	-	-	-	-	-
Current Portion of Notes Payable - Affiliate	72,472	-	-	-	171,555	-
Deferred Revenue	1,163,500	-	-	-	-	-
Accrued Liabilities	198,792	342,380	261,500	-	232,940	236,812
Current Portion of Right-of-Use Lease Liability	23,171	-	-	-	25,741	23,132
Total Current Liabilities	6,019,454	2,313,032	1,709,275	-	7,777,525	5,245,588
LONG-TERM LIABILITIES						
Notes Payable, Net of Current Portion	2,042,077	-	-	-	-	-
Notes Payable, Net of Current Portion - Affiliate	1,474,068	-	-	-	932,995	-
Right-of-Use Lease Liability, Net of Current Portion	31,624	-	-	-	31,571	31,571
Total Long-Term Liabilities	3,547,769	-	-	-	964,566	31,571
Total Liabilities	9,567,223	2,313,032	1,709,275	-	8,742,091	5,277,159
NET ASSETS (DEFICIT)						
Without Donor Restrictions	(1,086,209)	11,779,611	4,278,043	164,915	(1,901,758)	(514,334)
With Donor Restrictions	-	-	-	-	5,000,181	703,030
Total Net Assets (Deficit)	(1,086,209)	11,779,611	4,278,043	164,915	3,098,423	188,696
Total Liabilities and Net Assets (Deficit)	\$ 8,481,014	\$ 14,092,643	\$ 5,987,318	\$ 164,915	\$ 11,840,514	\$ 5,465,855

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL (CONTINUED)
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	PLAVS	PLA48	Jacquet	Promise Prep	Eliminations	Total
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 278,667	\$ 321,052	\$ 7,747	\$ 219,775	\$ -	\$ 3,913,102
Grants and Operator Receivables	189,135	253,409	-	43,220	-	2,551,121
Related Party Accounts Receivable	2,641,599	2,230,100	425,631	3,615	(21,633,379)	14,001,247
Prepaid Assets	-	-	-	22,988	-	22,988
Total Current Assets	3,109,401	2,804,561	433,378	289,598	(21,633,379)	20,488,458
PROPERTY AND EQUIPMENT						
Land	-	-	-	-	-	-
Building and Improvements	-	-	-	-	-	7,304,736
Leasehold Improvements	-	-	-	-	-	4,729,706
Furniture and Equipment	-	-	-	-	-	991,040
Books and Educational Materials	-	-	-	-	-	830,556
Computer Software	-	25,000	-	-	-	194,352
Computer Equipment	-	-	-	-	-	476,360
Vehicles	-	-	-	65,500	-	166,228
Total, at Cost	-	25,000	-	65,500	-	14,692,978
Less: Accumulated Depreciation	-	7,639	-	22,925	-	5,268,905
Total Property and Equipment	-	17,361	-	42,575	-	9,424,073
OTHER ASSETS						
Right-of-Use Lease Asset, Net	-	-	-	993,740	-	1,176,963
Security Deposit	-	-	-	-	-	1,000,000
Total Assets	<u>\$ 3,109,401</u>	<u>\$ 2,821,922</u>	<u>\$ 433,378</u>	<u>\$ 1,325,913</u>	<u>\$ (21,633,379)</u>	<u>\$ 32,089,494</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 238,250	\$ 249,093	\$ -	\$ 205,715	\$ -	\$ 3,241,491
Related Party Payables	1,329,058	2,527,590	350,100	1,204,659	(21,633,379)	981,621
Current Portion of Notes Payable	-	-	-	-	-	560,853
Current Portion of Notes Payable - Affiliate	-	-	-	-	-	244,027
Deferred Revenue	-	-	-	-	-	1,163,500
Accrued Liabilities	202,828	233,183	-	52,965	-	1,761,400
Current Portion of Right-of-Use Lease Liability	-	-	-	160,093	-	232,137
Total Current Liabilities	1,770,136	3,009,866	350,100	1,623,432	(21,633,379)	8,185,029
LONG-TERM LIABILITIES						
Notes Payable, Net of Current Portion	-	-	-	-	-	2,042,077
Notes Payable, Net of Current Portion - Affiliate	-	-	-	-	-	2,407,063
Right-of-Use Lease Liability, Net of Current Portion	-	-	-	863,647	-	958,413
Total Long-Term Liabilities	-	-	-	863,647	-	5,407,553
Total Liabilities	1,770,136	3,009,866	350,100	2,487,079	(21,633,379)	13,592,582
NET ASSETS (DEFICIT)						
Without Donor Restrictions	1,339,265	(187,944)	83,278	(1,161,166)	-	12,793,701
With Donor Restrictions	-	-	-	-	-	5,703,211
Total Net Assets (Deficit)	1,339,265	(187,944)	83,278	(1,161,166)	-	18,496,912
Total Liabilities and Net Assets (Deficit)	<u>\$ 3,109,401</u>	<u>\$ 2,821,922</u>	<u>\$ 433,378</u>	<u>\$ 1,325,913</u>	<u>\$ (21,633,379)</u>	<u>\$ 32,089,494</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	GVPLA	PLA 103	PLA 93	CMO	JRPLA	JRPHS
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 288,951	\$ 109,335	\$ 297,817	\$ 10,368	\$ 395,742	\$ 371,118
Grants and Operator Receivables	356,556	359,746	715,494	-	123,233	245,942
Related Party Accounts Receivable	4,581,586	12,578,432	5,838,470	263,714	3,080,817	4,503,452
Total Current Assets	5,227,093	13,047,513	6,851,781	274,082	3,599,792	5,120,512
PROPERTY AND EQUIPMENT						
Land	300,000	-	-	-	-	-
Building and Improvements	6,775,248	-	-	-	-	289,294
Leasehold Improvements	10,657	-	108,213	-	4,301,636	9,200
Furniture and Equipment	508,832	236,812	-	-	233,871	28,000
Books and Educational Materials	164,966	383,435	201,804	-	80,351	-
Computer Software	49,977	-	54,775	-	64,600	-
Computer Equipment	155,188	87,684	26,500	-	206,988	-
Vehicles	-	-	-	-	-	74,185
Total, at Cost	7,964,868	707,931	391,292	-	4,887,446	400,679
Less: Accumulated Depreciation	2,797,773	680,356	310,763	-	934,897	67,072
Total Property and Equipment	5,167,095	27,575	80,529	-	3,952,549	333,607
OTHER ASSETS						
Right-of-Use Lease Asset, Net	-	-	-	-	12,772	-
Security Deposit	-	-	-	-	1,000,000	-
Total Assets	<u>\$ 10,394,188</u>	<u>\$ 13,075,088</u>	<u>\$ 6,932,310</u>	<u>\$ 274,082</u>	<u>\$ 8,565,113</u>	<u>\$ 5,454,119</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 391,405	\$ 459,114	\$ 348,099	\$ -	\$ 310,455	\$ 576,734
Related Party Payables	5,360,348	2,947,211	2,200,910	-	7,729,259	5,006,649
Current Portion of Notes Payable	172,245	-	-	-	-	-
Current Portion of Notes Payable - Affiliate	69,635	-	-	-	-	-
Deferred Revenue	-	-	-	-	118,224	-
Accrued Liabilities	217,133	317,537	257,170	-	177,228	310,985
Current Portion of Right-of-Use Lease Liability	-	-	-	-	10,163	-
Total Current Liabilities	6,210,766	3,723,862	2,806,179	-	8,345,329	5,894,368
LONG-TERM LIABILITIES						
Notes Payable, Net of Current Portion	2,602,930	-	-	-	-	-
Notes Payable, Net of Current Portion - Affiliate	1,546,540	-	-	-	1,269,390	-
Right-of-Use Lease Liability, Net of Current Portion	-	-	-	-	2,609	-
Total Long-Term Liabilities	4,149,470	-	-	-	1,271,999	-
Total Liabilities	10,360,236	3,723,862	2,806,179	-	9,617,328	5,894,368
NET ASSETS (DEFICIT)						
Without Donor Restrictions	33,952	9,351,226	4,126,131	274,082	(1,052,215)	(1,143,279)
With Donor Restrictions	-	-	-	-	-	703,030
Total Net Assets (Deficit)	33,952	9,351,226	4,126,131	274,082	(1,052,215)	(440,249)
Total Liabilities and Net Assets (Deficit)	<u>\$ 10,394,188</u>	<u>\$ 13,075,088</u>	<u>\$ 6,932,310</u>	<u>\$ 274,082</u>	<u>\$ 8,565,113</u>	<u>\$ 5,454,119</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL (CONTINUED)
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	PLAVS	PLA48	Jacquet	Promise Prep	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 588,811	\$ 424,525	\$ 7,745	\$ 324,839	\$ -	\$ 2,819,251
Grants and Operator Receivables	238,709	529,569	-	92,932	-	2,662,181
Related Party Accounts Receivable	2,935,314	2,780,201	425,631	142,549	(20,904,767)	16,225,399
Total Current Assets	3,762,834	3,734,295	433,376	560,320	(20,904,767)	21,706,831
PROPERTY AND EQUIPMENT						
Land	-	-	-	-	-	300,000
Building and Improvements	-	-	-	-	-	7,064,542
Leasehold Improvements	-	-	-	-	-	4,429,706
Furniture and Equipment	-	-	-	4,631	-	1,012,146
Books and Educational Materials	-	-	-	-	-	830,556
Computer Software	-	-	-	-	-	169,352
Computer Equipment	-	-	-	-	-	476,360
Vehicles	-	-	-	65,500	-	139,685
Total, at Cost	-	-	-	70,131	-	14,422,347
Less: Accumulated Depreciation	-	-	-	9,825	-	4,800,686
Total Property and Equipment	-	-	-	60,306	-	9,621,661
OTHER ASSETS						
Right-of-Use Lease Asset, Net	-	-	-	1,121,429	-	1,134,201
Security Deposit	-	-	-	-	-	1,000,000
Total Assets	<u>\$ 3,762,834</u>	<u>\$ 3,734,295</u>	<u>\$ 433,376</u>	<u>\$ 1,742,055</u>	<u>\$ (20,904,767)</u>	<u>\$ 33,462,693</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable	\$ 190,632	\$ 218,497	\$ -	\$ 154,000	\$ -	\$ 2,648,936
Related Party Payables	1,887,483	2,957,023	350,098	997,523	(20,904,767)	8,531,737
Current Portion of Notes Payable	-	-	-	-	-	172,245
Current Portion of Notes Payable - Affiliate	-	-	-	703	-	70,338
Deferred Revenue	-	-	-	-	-	118,224
Accrued Liabilities	207,815	208,648	-	91,572	-	1,788,088
Current Portion of Right-of-Use Lease Liability	-	-	-	141,953	-	152,116
Total Current Liabilities	2,285,930	3,384,168	350,098	1,385,751	(20,904,767)	13,481,684
LONG-TERM LIABILITIES						
Notes Payable, Net of Current Portion	-	-	-	-	-	2,602,930
Notes Payable, Net of Current Portion - Affiliate	-	-	-	-	-	2,815,930
Right-of-Use Lease Liability, Net of Current Portion	-	-	-	1,005,475	-	1,008,084
Total Long-Term Liabilities	-	-	-	1,005,475	-	6,426,944
Total Liabilities	2,285,930	3,384,168	350,098	2,391,226	(20,904,767)	19,908,628
NET ASSETS (DEFICIT)						
Without Donor Restrictions	1,476,904	350,127	83,278	(649,171)	-	12,851,035
With Donor Restrictions	-	-	-	-	-	703,030
Total Net Assets (Deficit)	1,476,904	350,127	83,278	(649,171)	-	13,554,065
Total Liabilities and Net Assets (Deficit)	<u>\$ 3,762,834</u>	<u>\$ 3,734,295</u>	<u>\$ 433,376</u>	<u>\$ 1,742,055</u>	<u>\$ (20,904,767)</u>	<u>\$ 33,462,693</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF ACTIVITIES BY SCHOOL
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	GVPLA			PLA 103			PLA93		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND CONTRIBUTED SUPPORT									
REVENUE									
Contributions and Donations	\$ 2,372	\$ -	\$ 2,372	\$ 5,530	\$ -	\$ 5,530	\$ 2,585	\$ -	\$ 2,585
Grant Revenue	4,153,560	-	4,153,560	10,687,474	-	10,687,474	6,220,679	-	6,220,679
Operator Revenue	-	-	-	-	-	-	-	-	-
In-Kind Revenues	-	-	-	2,371,986	-	2,371,986	1,534,248	-	1,534,248
Other Revenue	98,219	-	98,219	312,118	-	312,118	222,681	-	222,681
Total Revenue and Contributed Support	4,254,151	-	4,254,151	13,377,108	-	13,377,108	7,980,193	-	7,980,193
EXPENSES									
Program Services:									
Academics	4,279,816	-	4,279,816	8,942,022	-	8,942,022	6,695,051	-	6,695,051
Supporting Services:									
General and Administrative	1,094,496	-	1,094,496	2,006,701	-	2,006,701	1,133,230	-	1,133,230
Total Expenses	5,374,312	-	5,374,312	10,948,723	-	10,948,723	7,828,281	-	7,828,281
CHANGE IN NET ASSETS	(1,120,161)	-	(1,120,161)	2,428,385	-	2,428,385	151,912	-	151,912
Net Assets (Deficit) - Beginning of Year	33,952	-	33,952	9,351,226	-	9,351,226	4,126,131	-	4,126,131
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ (1,086,209)</u>	<u>\$ -</u>	<u>\$ (1,086,209)</u>	<u>\$ 11,779,611</u>	<u>\$ -</u>	<u>\$ 11,779,611</u>	<u>\$ 4,278,043</u>	<u>\$ -</u>	<u>\$ 4,278,043</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF ACTIVITIES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	CMO			JRPLA			JRPHS		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND CONTRIBUTED SUPPORT									
REVENUE									
Contributions and Donations	\$ -	\$ -	\$ -	\$ -	\$ 5,000,181	\$ 5,000,181	\$ 350,200	\$ -	\$ 350,200
Grant Revenue	-	-	-	4,905,431	-	4,905,431	7,901,604	-	7,901,604
Operator Revenue	-	-	-	-	-	-	-	-	-
In-Kind Revenues	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	305,982	-	305,982	299,190	-	299,190
Total Revenue and Contributed Support	-	-	-	5,211,413	5,000,181	10,211,594	8,550,994	-	8,550,994
EXPENSES									
Program Services:									
Academics	-	-	-	4,802,601	-	4,802,601	6,411,515	-	6,411,515
Supporting Services:									
General and Administrative	109,167	-	109,167	1,258,355	-	1,258,355	1,510,534	-	1,510,534
Total Expenses	109,167	-	109,167	6,060,956	-	6,060,956	7,922,049	-	7,922,049
CHANGE IN NET ASSETS	(109,167)	-	(109,167)	(849,543)	5,000,181	4,150,638	628,945	-	628,945
Net Assets (Deficit) - Beginning of Year	274,082	-	274,082	(1,052,215)	-	(1,052,215)	(1,143,279)	703,030	(440,249)
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 164,915</u>	<u>\$ -</u>	<u>\$ 164,915</u>	<u>\$ (1,901,758)</u>	<u>\$ 5,000,181</u>	<u>\$ 3,098,423</u>	<u>\$ (514,334)</u>	<u>\$ 703,030</u>	<u>\$ 188,696</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF ACTIVITIES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	PLAVS			PLA48			Jacquet		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND CONTRIBUTED SUPPORT									
REVENUE									
Contributions and Donations	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000	\$ -	\$ -	\$ -
Grant Revenue	4,051,131	-	4,051,131	4,762,525	-	4,762,525	-	-	-
Operator Revenue	-	-	-	-	-	-	-	-	-
In-Kind Contributions	-	-	-	1,698,495	-	1,698,495	-	-	-
Other Revenue	30	-	30	95,555	-	95,555	-	-	-
Total Revenue and Contributed Support	4,051,161	-	4,051,161	6,606,575	-	6,606,575	-	-	-
EXPENSES									
Program Services:									
Academics	3,328,498	-	3,328,498	6,153,118	-	6,153,118	-	-	-
Supporting Services:									
General and Administrative	860,302	-	860,302	991,528	-	991,528	-	-	-
Total Expenses	4,188,800	-	4,188,800	7,144,646	-	7,144,646	-	-	-
CHANGE IN NET ASSETS	(137,639)	-	(137,639)	(538,071)	-	(538,071)	-	-	-
Net Assets (Deficit) - Beginning of Year	1,476,904	-	1,476,904	350,127	-	350,127	83,278	-	83,278
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 1,339,265</u>	<u>\$ -</u>	<u>\$ 1,339,265</u>	<u>\$ (187,944)</u>	<u>\$ -</u>	<u>\$ (187,944)</u>	<u>\$ 83,278</u>	<u>\$ -</u>	<u>\$ 83,278</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF ACTIVITIES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Promise Prep			Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND CONTRIBUTED SUPPORT						
REVENUE						
Contributions and Donations	\$ -	\$ -	\$ -	\$ 410,687	\$ 5,000,181	\$ 5,410,868
Grant Revenue	1,919,855	-	1,919,855	44,602,259	-	44,602,259
Operator Revenue	-	-	-	-	-	-
In-Kind Contributions	-	-	-	5,604,729	-	5,604,729
Other Revenue	530	-	530	1,334,305	-	1,334,305
Total Revenue and Contributed Support	1,920,385	-	1,920,385	51,951,980	5,000,181	56,952,161
EXPENSES						
Program Services:						
Academics	2,336,492	-	2,336,492	42,949,113	-	42,949,113
Supporting Services:						
General and Administrative	95,888	-	95,888	9,060,201	-	9,060,201
Total Expenses	2,432,380	-	2,432,380	52,009,314	-	52,009,314
CHANGE IN NET ASSETS	(511,995)	-	(511,995)	(57,334)	5,000,181	4,942,847
Net Assets (Deficit) - Beginning of Year	(649,171)	-	(649,171)	12,851,035	703,030	13,554,065
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ (1,161,166)</u>	<u>\$ -</u>	<u>\$ (1,161,166)</u>	<u>\$ 12,793,701</u>	<u>\$ 5,703,211</u>	<u>\$ 18,496,912</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF ACTIVITIES BY SCHOOL
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	GVPLA			PLA 103			PLA93		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND CONTRIBUTED SUPPORT									
REVENUE									
Contributions and Donations	\$ 18,545	\$ -	\$ 18,545	\$ 1,519,857	\$ -	\$ 1,519,857	\$ 1,519,398	\$ -	\$ 1,519,398
Grant Revenue	1,717,217	-	1,717,217	2,151,673	-	2,151,673	1,635,791	-	1,635,791
Operator Revenue	-	-	-	-	-	-	-	-	-
In-Kind Revenues	-	-	-	2,483,797	-	2,483,797	1,572,779	-	1,572,779
Other Revenue	1,658,851	-	1,658,851	6,287,949	-	6,287,949	4,079,112	-	4,079,112
Total Revenue and Contributed Support	3,394,613	-	3,394,613	12,443,276	-	12,443,276	8,807,080	-	8,807,080
EXPENSES									
Program Services:									
Academics	3,321,690	-	3,321,690	8,363,835	-	8,363,835	6,803,188	-	6,803,188
Supporting Services:									
General and Administrative	1,061,501	-	1,061,501	1,781,077	-	1,781,077	1,385,490	-	1,385,490
Total Expenses	4,383,191	-	4,383,191	10,144,912	-	10,144,912	8,188,678	-	8,188,678
CHANGE IN NET ASSETS	(988,578)	-	(988,578)	2,298,364	-	2,298,364	618,402	-	618,402
Net Assets (Deficit) - Beginning of Year	1,022,530	-	1,022,530	7,052,862	-	7,052,862	3,507,729	-	3,507,729
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 33,952</u>	<u>\$ -</u>	<u>\$ 33,952</u>	<u>\$ 9,351,226</u>	<u>\$ -</u>	<u>\$ 9,351,226</u>	<u>\$ 4,126,131</u>	<u>\$ -</u>	<u>\$ 4,126,131</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF ACTIVITIES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	CMO			JRPLA			JRPBS		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND CONTRIBUTED SUPPORT									
REVENUE									
Contributions and Donations	\$ -	\$ -	\$ -	\$ 1,155,169	\$ -	\$ 1,155,169	\$ 204,266	\$ 225,480	\$ 429,746
Grant Revenue	-	-	-	3,463,227	-	3,463,227	7,091,216	-	7,091,216
Operator Revenue	643,150	-	643,150	-	-	-	-	-	-
In-Kind Revenues	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	116,424	-	116,424	225,194	-	225,194
Total Revenue and Contributed Support	643,150	-	643,150	4,734,820	-	4,734,820	7,520,676	225,480	7,746,156
EXPENSES									
Program Services:									
Academics	-	-	-	4,178,837	-	4,178,837	6,369,394	-	6,369,394
Supporting Services:									
General and Administrative	533,983	-	533,983	915,711	-	915,711	1,541,178	-	1,541,178
Total Expenses	533,983	-	533,983	5,094,548	-	5,094,548	7,910,572	-	7,910,572
CHANGE IN NET ASSETS	109,167	-	109,167	(359,728)	-	(359,728)	(389,896)	225,480	(164,416)
Net Assets (Deficit) - Beginning of Year	164,915	-	164,915	(692,487)	-	(692,487)	(753,383)	477,550	(275,833)
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 274,082</u>	<u>\$ -</u>	<u>\$ 274,082</u>	<u>\$ (1,052,215)</u>	<u>\$ -</u>	<u>\$ (1,052,215)</u>	<u>\$ (1,143,279)</u>	<u>\$ 703,030</u>	<u>\$ (440,249)</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF ACTIVITIES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	PLAVS			PLA48			Jacquet		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND CONTRIBUTED SUPPORT									
REVENUE									
Contributions and Donations	\$ 2,136,748	\$ -	\$ 2,136,748	\$ 1,121,575	\$ -	\$ 1,121,575	\$ -	\$ -	\$ -
Grant Revenue	638,806	-	638,806	1,546,748	-	1,546,748	-	-	-
Operator Revenue	-	-	-	-	-	-	-	-	-
In-Kind Revenues	-	-	-	1,921,169	-	1,921,169	-	-	-
Other Revenue	2,720,249	-	2,720,249	2,581,046	-	2,581,046	-	-	-
Total Revenue and Contributed Support	5,495,803	-	5,495,803	7,170,538	-	7,170,538	-	-	-
EXPENSES									
Program Services:									
Academics	3,439,150	-	3,439,150	6,254,153	-	6,254,153	-	-	-
Supporting Services:									
General and Administrative	1,131,053	-	1,131,053	770,091	-	770,091	-	-	-
Total Expenses	4,570,203	-	4,570,203	7,024,244	-	7,024,244	-	-	-
CHANGE IN NET ASSETS	925,600	-	925,600	146,294	-	146,294	-	-	-
Net Assets (Deficit) - Beginning of Year	551,304	-	551,304	203,833	-	203,833	83,278	-	83,278
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 1,476,904</u>	<u>\$ -</u>	<u>\$ 1,476,904</u>	<u>\$ 350,127</u>	<u>\$ -</u>	<u>\$ 350,127</u>	<u>\$ 83,278</u>	<u>\$ -</u>	<u>\$ 83,278</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF ACTIVITIES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Promise Prep			Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND CONTRIBUTED SUPPORT						
REVENUE						
Contributions and Donations	\$ 20,615	\$ -	\$ 20,615	\$ 7,696,173	\$ 225,480	\$ 7,921,653
Grant Revenue	885,093	-	885,093	19,129,771	-	19,129,771
Operator Revenue	-	-	-	643,150	-	643,150
In-Kind Contributions	-	-	-	5,977,745	-	5,977,745
Other Revenue	753,337	-	753,337	18,422,162	-	18,422,162
Total Revenue and Contributed Support	1,659,045	-	1,659,045	51,869,001	225,480	52,094,481
EXPENSES						
Program Services:						
Academics	2,431,892	-	2,431,892	41,162,139	-	41,162,139
Supporting Services:						
General and Administrative	38,813	-	38,813	9,158,897	-	9,158,897
Total Expenses	2,470,705	-	2,470,705	50,321,036	-	50,321,036
CHANGE IN NET ASSETS	(811,660)	-	(811,660)	1,547,965	225,480	1,773,445
Net Assets (Deficit) - Beginning of Year	162,489	-	162,489	11,303,070	477,550	11,780,620
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ (649,171)</u>	<u>\$ -</u>	<u>\$ (649,171)</u>	<u>\$ 12,851,035</u>	<u>\$ 703,030</u>	<u>\$ 13,554,065</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES BY SCHOOL
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	GVPLA			PLA 103			PLA93		
	Program Services	Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services	
	Academics	General and Administrative	Total	Academics	General and Administrative	Total	Academics	General and Administrative	Total
Salaries and Benefits	\$ 2,265,082	\$ 455,005	\$ 2,720,087	\$ 4,842,975	\$ 830,700	\$ 5,673,675	\$ 3,822,374	\$ 616,539	\$ 4,438,913
Professional Services	25,042	26,105	51,147	392,630	44,434	437,064	36,902	33,395	70,297
Information Technology	481,115	195,082	676,197	256,952	895,097	1,152,049	456,796	362,828	819,624
Legal and Accounting	-	80,643	80,643	-	17,662	17,662	-	23,308	23,308
Professional Development	14,532	45,857	60,389	40,012	45,324	85,336	17,238	26,210	43,448
Cleaning Services	97,300	-	97,300	142,786	-	142,786	-	-	-
Security Services	4,296	-	4,296	131,295	-	131,295	78,063	-	78,063
Utilities	165,753	4,428	170,181	-	-	-	32,560	-	32,560
Materials and Supplies	337,472	68,551	406,023	186,932	96,771	283,703	1,029,782	19,130	1,048,912
Nutritional Support	254,655	-	254,655	657,523	-	657,523	455,312	-	455,312
Sales, Marketing, and Community Relations	2,194	-	2,194	-	-	-	-	-	-
Program Transportation Services	363,564	-	363,564	711,862	-	711,862	484,313	-	484,313
Travel and Entertainment	-	16,649	16,649	-	60	60	-	398	398
Interest Expense	-	150,877	150,877	-	-	-	-	-	-
Rent and Facilities	25,836	-	25,836	1,577,125	-	1,577,125	24,555	-	24,555
Depreciation and Amortization	242,975	-	242,975	1,930	-	1,930	3,607	-	3,607
Insurance	-	50,710	50,710	-	52,659	52,659	-	50,960	50,960
Repairs and Maintenance	-	-	-	-	-	-	-	-	-
In-Kind Services Received	-	-	-	-	-	-	253,549	-	253,549
Miscellaneous	-	589	589	-	23,994	23,994	-	462	462
Total	\$ 4,279,816	\$ 1,094,496	\$ 5,374,312	\$ 8,942,022	\$ 2,006,701	\$ 10,948,723	\$ 6,695,051	\$ 1,133,230	\$ 7,828,281

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	CMO			JRPLA			JRPHS		
	Program Services	Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services	
	Academics	General and Administrative	Total	Academics	General and Administrative	Total	Academics	General and Administrative	Total
Salaries and Benefits	\$ -	\$ -	\$ -	\$ 2,884,807	\$ 1,001,820	\$ 3,886,627	\$ 3,260,818	\$ 1,055,659	\$ 4,316,477
Professional Services	-	-	-	2,352	29,994	32,346	255,621	29,864	285,485
Information Technology	-	109,167	109,167	323,968	(36,410)	287,558	352,018	281,826	633,844
Legal and Accounting	-	-	-	-	23,375	23,375	-	23,098	23,098
Professional Development	-	-	-	16,351	18,612	34,963	19,738	34,428	54,166
Cleaning Services	-	-	-	74,330	-	74,330	131,710	-	131,710
Security Services	-	-	-	11,813	-	11,813	18,571	-	18,571
Utilities	-	-	-	105,169	4,485	109,654	192,734	76	192,810
Materials and Supplies	-	-	-	156,746	114,007	270,753	388,968	29,296	418,264
Nutritional Support	-	-	-	267,364	-	267,364	494,905	-	494,905
Sales, Marketing, and Community Relations	-	-	-	1,578	-	1,578	3,514	-	3,514
Program Transportation Services	-	-	-	564,690	-	564,690	906,447	-	906,447
Travel and Entertainment	-	-	-	-	210	210	-	564	564
Interest Expense	-	-	-	-	47,775	47,775	-	-	-
Rent and Facilities	-	-	-	233,458	-	233,458	346,518	-	346,518
Depreciation and Amortization	-	-	-	159,516	-	159,516	39,449	-	39,449
Insurance	-	-	-	-	50,960	50,960	-	51,605	51,605
Repairs and Maintenance	-	-	-	459	-	459	504	-	504
In-Kind Services Received	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	3,527	3,527	-	4,118	4,118
Total	\$ -	\$ 109,167	\$ 109,167	\$ 4,802,601	\$ 1,258,355	\$ 6,060,956	\$ 6,411,515	\$ 1,510,534	\$ 7,922,049

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	PLAVS			PLA48			Jacquet		
	Program Services	Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services	
	Academics	General and Administrative	Total	Academics	General and Administrative	Total	Academics	General and Administrative	Total
Salaries and Benefits	\$ 2,843,421	\$ 583,830	\$ 3,427,251	\$ 3,524,625	\$ 537,677	\$ 4,062,302	\$ -	\$ -	\$ -
Professional Services	1,430	21,513	22,943	15,485	30,195	45,680	-	-	-
Information Technology	158,719	101,708	260,427	226,477	310,644	537,121	-	-	-
Legal and Accounting	-	21,523	21,523	-	16,144	16,144	-	-	-
Professional Development	8,036	44,475	52,511	25,807	16,951	42,758	-	-	-
Cleaning Services	664	-	664	-	-	-	-	-	-
Security Services	-	-	-	5,722	-	5,722	-	-	-
Utilities	-	-	-	-	215	215	-	-	-
Materials and Supplies	298,752	28,475	327,227	307,790	21,291	329,081	-	-	-
Nutritional Support	2,255	-	2,255	241,754	-	241,754	-	-	-
Sales, Marketing, and Community Relations	14,165	-	14,165	-	-	-	-	-	-
Program Transportation Services	1,056	-	1,056	(7,834)	-	(7,834)	-	-	-
Travel and Entertainment	-	8,892	8,892	-	7,390	7,390	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-
Rent and Facilities	-	-	-	(116,229)	-	(116,229)	-	-	-
Depreciation and Amortization	-	-	-	7,639	-	7,639	-	-	-
Insurance	-	49,790	49,790	-	50,960	50,960	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-
In-Kind Services Received	-	-	-	1,921,882	-	1,921,882	-	-	-
Miscellaneous	-	96	96	-	61	61	-	-	-
Total	<u>\$ 3,328,498</u>	<u>\$ 860,302</u>	<u>\$ 4,188,800</u>	<u>\$ 6,153,118</u>	<u>\$ 991,528</u>	<u>\$ 7,144,646</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Promise Prep			Total		
	Program	Supporting	Total	Program	Supporting	Total
	Services	Services		Services	Services	
	Academics	General and Administrative		Academics	General and Administrative	
Salaries and Benefits	\$ 1,420,575	\$ 5,366	\$ 1,425,941	\$ 24,864,677	\$ 5,086,596	\$ 29,951,273
Professional Services	46,179	10,949	57,128	775,641	226,449	1,002,090
Information Technology	66,205	-	66,205	2,322,250	2,219,942	4,542,192
Legal and Accounting	-	21,121	21,121	-	226,874	226,874
Professional Development	1,727	7,145	8,872	143,441	239,002	382,443
Cleaning Services	40,800	-	40,800	487,590	-	487,590
Security Services	2,076	-	2,076	251,836	-	251,836
Utilities	-	-	-	496,216	9,204	505,420
Materials and Supplies	114,828	-	114,828	2,821,270	377,521	3,198,791
Nutritional Support	142,669	-	142,669	2,516,437	-	2,516,437
Sales, Marketing, and Community Relations	5,323	-	5,323	26,774	-	26,774
Program Transportation Services	-	-	-	3,030,876	-	3,030,876
Travel and Entertainment	292,638	-	292,638	285,860	34,163	320,023
Interest Expense	-	-	-	-	198,652	198,652
Rent and Facilities	190,372	-	190,372	2,281,635	-	2,281,635
Depreciation and Amortization	13,100	-	13,100	468,216	-	468,216
Insurance	-	50,960	50,960	-	408,604	408,604
Repairs and Maintenance	-	-	-	963	-	963
In-Kind Services Received	-	-	-	2,175,431	-	2,175,431
Miscellaneous	-	347	347	-	33,194	33,194
Total	\$ 2,336,492	\$ 95,888	\$ 2,432,380	\$ 42,949,113	\$ 9,060,201	\$ 52,009,314

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES BY SCHOOL
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	GVPLA			PLA 103			PLA93		
	Program Services	Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services	
	Academics	General and Administrative	Total	Academics	General and Administrative	Total	Academics	General and Administrative	Total
Salaries and Benefits	\$ 1,934,114	\$ 546,185	\$ 2,480,299	\$ 4,484,902	\$ 659,947	\$ 5,144,849	\$ 3,870,912	\$ 615,361	\$ 4,486,273
Professional Services	257,770	20,898	278,668	193,335	48,499	241,834	62,706	32,844	95,550
Information Technology	86,135	189,923	276,058	218,924	960,321	1,179,245	106,873	674,506	781,379
Legal and Accounting	-	31,351	31,351	-	17,714	17,714	-	17,043	17,043
Professional Development	13,809	38,081	51,890	6,905	37,797	44,702	2,138	24,893	27,031
Cleaning Services	94,275	-	94,275	175,933	-	175,933	70	-	70
Security Services	2,314	-	2,314	101,518	-	101,518	66,656	-	66,656
Utilities	163,573	4,676	168,249	-	-	-	30,583	-	30,583
Materials and Supplies	258,434	42,897	301,331	734,835	34,202	769,037	1,411,516	19,680	1,431,196
Nutritional Support	159,970	-	159,970	600,360	-	600,360	410,599	-	410,599
Sales, Marketing, and Community Relations	45,389	-	45,389	-	-	-	-	-	-
Travel and Entertainment	160	26,576	26,736	596,901	72	596,973	536,820	683	537,503
Interest Expense	-	160,387	160,387	-	-	-	-	-	-
Rent and Facilities	-	-	-	1,197,070	-	1,197,070	252,490	-	252,490
Depreciation and Amortization	257,529	-	257,529	4,934	-	4,934	3,607	-	3,607
Insurance	48,218	-	48,218	48,218	-	48,218	48,218	-	48,218
Repairs and Maintenance	-	-	-	-	-	-	-	-	-
Miscellaneous	-	527	527	-	22,525	22,525	-	480	480
Total	\$ 3,321,690	\$ 1,061,501	\$ 4,383,191	\$ 8,363,835	\$ 1,781,077	\$ 10,144,912	\$ 6,803,188	\$ 1,385,490	\$ 8,188,678

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	CMO			JRPLA			JRPHS		
	Program Services	Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services	
	Academics	General and Administrative	Total	Academics	General and Administrative	Total	Academics	General and Administrative	Total
Salaries and Benefits	\$ -	\$ -	\$ -	\$ 2,524,726	\$ 633,903	\$ 3,158,629	\$ 3,082,068	\$ 1,125,065	\$ 4,207,133
Professional Services	-	-	-	618,363	23,569	641,932	903,586	41,172	944,758
Information Technology	-	533,983	533,983	64,554	107,775	172,329	209,301	280,593	489,894
Legal and Accounting	-	-	-	-	24,599	24,599	-	24,216	24,216
Professional Development	-	-	-	2,767	17,548	20,315	1,069	28,874	29,943
Cleaning Services	-	-	-	73,485	-	73,485	124,745	-	124,745
Security Services	-	-	-	5,758	-	5,758	8,910	-	8,910
Utilities	-	-	-	115,235	3,100	118,335	93,717	164	93,881
Materials and Supplies	-	-	-	170,132	50,701	220,833	478,582	38,890	517,472
Nutritional Support	-	-	-	213,873	-	213,873	1,774	-	1,774
Sales, Marketing, and Community Relations	-	-	-	1,289	-	1,289	10,624	-	10,624
Travel and Entertainment	-	-	-	1,979	70	2,049	1,015,040	1,846	1,016,886
Interest Expense	-	-	-	-	54,228	54,228	-	-	-
Rent and Facilities	-	-	-	193,364	-	193,364	344,254	-	344,254
Depreciation and Amortization	-	-	-	175,094	-	175,094	16,238	-	16,238
Insurance	-	-	-	18,218	-	18,218	78,217	-	78,217
Repairs and Maintenance	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	218	218	1,269	358	1,627
Total	\$ -	\$ 533,983	\$ 533,983	\$ 4,178,837	\$ 915,711	\$ 5,094,548	\$ 6,369,394	\$ 1,541,178	\$ 7,910,572

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	PLAVS			PLA48			Jacquet		
	Program Services	Supporting Services		Program Services	Supporting Services		Program Services	Supporting Services	
	Academics	General and Administrative	Total	Academics	General and Administrative	Total	Academics	General and Administrative	Total
Salaries and Benefits	\$ 2,858,607	\$ 540,448	\$ 3,399,055	\$ 3,188,217	\$ 490,296	\$ 3,678,513	\$ -	\$ -	\$ -
Professional Services	240,728	22,569	263,297	77,058	26,295	103,353	-	-	-
Information Technology	43,349	496,606	539,955	50,742	178,564	229,306	-	-	-
Legal and Accounting	-	20,598	20,598	-	15,990	15,990	-	-	-
Professional Development	4,921	38,584	43,505	6,869	19,783	26,652	-	-	-
Cleaning Services	54	-	54	-	-	-	-	-	-
Security Services	-	-	-	41,640	-	41,640	-	-	-
Utilities	-	-	-	-	111	111	-	-	-
Materials and Supplies	234,555	4,764	239,319	1,118,641	38,757	1,157,398	-	-	-
Nutritional Support	3,318	-	3,318	268,929	-	268,929	-	-	-
Sales, Marketing, and Community Relations	3,000	-	3,000	-	-	-	-	-	-
Travel and Entertainment	1,320	7,327	8,647	400,363	135	400,498	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-
Rent and Facilities	-	-	-	1,052,877	-	1,052,877	-	-	-
Depreciation and Amortization	-	-	-	-	-	-	-	-	-
Insurance	48,218	-	48,218	48,218	-	48,218	-	-	-
Repairs and Maintenance	1,080	-	1,080	-	-	-	-	-	-
Miscellaneous	-	157	157	599	160	759	-	-	-
Total	\$ 3,439,150	\$ 1,131,053	\$ 4,570,203	\$ 6,254,153	\$ 770,091	\$ 7,024,244	\$ -	\$ -	\$ -

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES BY SCHOOL (CONTINUED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Promise Prep			Total		
	Program Services	Supporting Services		Program Services	Supporting Services	
	Academics	General and Administrative	Total	Academics	General and Administrative	Total
Salaries and Benefits	\$ 1,475,153	\$ -	\$ 1,475,153	\$ 23,418,699	\$ 4,611,205	\$ 28,029,904
Professional Services	198,924	13,236	212,160	2,552,470	229,082	2,781,552
Information Technology	36,090	-	36,090	815,968	3,422,271	4,238,239
Legal and Accounting	-	22,194	22,194	-	173,705	173,705
Professional Development	4,610	3,300	7,910	43,088	208,860	251,948
Cleaning Services	22,670	-	22,670	491,232	-	491,232
Security Services	-	-	-	226,796	-	226,796
Utilities	-	-	-	403,108	8,051	411,159
Materials and Supplies	211,456	-	211,456	4,618,151	229,891	4,848,042
Nutritional Support	110,619	-	110,619	1,769,442	-	1,769,442
Sales, Marketing, and Community Relations	4,146	-	4,146	64,448	-	64,448
Travel and Entertainment	143,095	-	143,095	2,695,678	36,709	2,732,387
Interest Expense	-	-	-	-	214,615	214,615
Rent and Facilities	167,087	-	167,087	3,207,142	-	3,207,142
Depreciation and Amortization	9,825	-	9,825	467,227	-	467,227
Insurance	48,217	-	48,217	385,742	-	385,742
Repairs and Maintenance	-	-	-	1,080	-	1,080
Miscellaneous	-	83	83	1,868	24,508	26,376
Total	\$ 2,431,892	\$ 38,813	\$ 2,470,705	\$ 41,162,139	\$ 9,158,897	\$ 50,321,036



**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**

Board of Directors and Management
The Phalen Leadership Academy – Indiana, Inc.
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Phalen Leadership Academy – Indiana, Inc. (PLA) (an nonprofit organization), which comprise of the statement of financial position as of June 30, 2025, and the related statements of activities, functional expense, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 27, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered PLA's internal control over financial reporting (internal control) as a basis for designing 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 PLA's internal control. Accordingly, we do not express an opinion on the effectiveness of PLA'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 or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether PLA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 PLA'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.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP
Indianapolis, Indiana
February 27, 2026



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors and Management
The Phalen Leadership Academy – Indiana, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Phalen Leadership Academy – Indiana, Inc.'s (PLA) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of PLA's major federal programs for the year ended June 30, 2025. PLA's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, PLA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of PLA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of PLA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to PLA's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Academy's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about PLA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding PLA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Academy's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Academy's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of PLA as of and for the year ended June 30, 2025, and have issued our report thereon dated February 27, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Uniform Guidance, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.



CliftonLarsonAllen LLP
Indianapolis, Indiana
April 2, 2026

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Agriculture				
Passed through Indiana Department of Education:				
Child Nutrition Cluster - School Breakfast Program	10.553	N/A	\$ -	\$ 729,735
Child Nutrition Cluster - National School Lunch Program	10.555	N/A	-	1,696,557
Total Department of Agriculture			-	2,426,292
Department of Education				
Passed through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A220014, S010A230014, S010A240014	-	3,454,985
Special Education Cluster - Special Education Grants to States	84.027	H027A220084, H027A230084, H027A240084,	-	1,305,158
Education for Homeless Children and Youth - McKinney Vento	84.196	S196A230015	-	14,890
Charter School Program	84.282	S282A230012	-	135,842
Title II Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A220013, S367A230013, S367A240013	-	132,052
Title III English Language Acquisition State Grants	84.365	S365A210014	-	22,587
Title IV Student Support and Academic Enrichment Program	84.424	S424A220015, S424A230015, S424A240015	-	179,548
COVID-19: Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210013	-	4,010,410
Total Department of Education			-	9,255,472
Total Expenditures of Federal Awards			\$ -	\$ 11,681,764

See accompanying Notes to Schedule of Expenditures of Federal Awards.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of The Phalen Leadership Academy – Indiana, Inc. (PLA) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of PLA, it is not intended to and does not present the financial position of PLA.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

PLA has elected not to use the 10 percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

Assistance Listing Number(s)

10.CNC
 84.IDEA
 84.425U

Name of Federal Program or Cluster

Child Nutrition Cluster
 Special Education Cluster - Special Education Grants to States
 COVID-19: Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes x no

THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



**THE PHALEN LEADERSHIP ACADEMY - INDIANA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025**

U.S. Department of Education

The Phalen Leadership Academy - Indiana, Inc. (PLA) respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2025.

Audit period: July 1, 2023 – June 30, 2024

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2024 – 001: Procurement and Suspension and Debarment

Condition: During our testing, it was noted that PLA did not follow the written policy in place for number of quotes and quote cost analysis. PLA did not comply with procurement policy it has in place as the number of quotes for two (2) of five (5) procured purchases selected did not obtain the number of quotes required by the policy.

During our testing, it was noted during that there is no written policy that requires PLA to verify that vendors are suspended or debarred. We noted that PLA did not complete and document its verification that vendors are not suspended or debarred vendors prior to being utilized. Four (4) of four (4) vendors selected for testing were utilized during the audit period that did not have this documented. During audit procedures, these vendors were checked and were not suspended or debarred.

Status: Corrective action was taken.

2024 – 002: Special Tests and Provisions

Condition: PLA did not verify compliance with the prevailing wage requirements with subcontractors for construction projects financed through federal education funds.

Status: Corrective action was taken.

If the U.S. Department of Education has questions regarding this schedule, please call Jeffrey Larkins, Director of Finance & Accounting, at 917-502-1711.

