

Christel House International, Inc. and Affiliates

Auditor's Report and Combined
and Consolidated Financial Statements

December 31, 2013 and 2012

Christel House International, Inc. and Affiliates

December 31, 2013 and 2012

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Independent Auditor's Report on Combined and Consolidated Financial Statements and Supplementary Information

Board of Directors
Christel House International, Inc. and Affiliates
Indianapolis, Indiana

We have audited the accompanying combined and consolidated financial statements of Christel House International, Inc. and Affiliates, which comprise the combined and consolidated statements of financial position as of December 31, 2013 and 2012, and the related combined and consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined and consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined and consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined and consolidated financial statements referred to above present fairly, in all material respects, the financial position Christel House International, Inc. and Affiliates as of December 31, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combined and consolidated financial statements as a whole. The combined and consolidated information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the combined and consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined and consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined and consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined and consolidated financial statements or to the combined and consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined and consolidated financial statements as a whole.

BKD, LLP

Indianapolis, Indiana
August 27, 2014

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Financial Position
December 31, 2013 and 2012
(Amounts in Thousands)

	2013	2012
Assets		
Cash and cash equivalents		
Unrestricted	\$ 732	\$ 2,949
Temporarily restricted	169	2,664
Investments		
Unrestricted	4,165	2,514
Temporarily restricted	21,474	19,815
Accounts receivable	938	1,722
Contributions receivable	2,822	1,602
Other assets	254	197
Bond issue costs, net	133	148
Rental property - Christel House Academy	19,482	15,098
Property and equipment	6,243	7,289
	\$ 56,412	\$ 53,998
Total assets		
Liabilities		
Accounts payable	\$ 3,586	\$ 231
Accrued payroll and other	690	754
Bonds payable	8,025	8,705
Total liabilities	12,301	9,690
Net Assets		
Unrestricted	19,499	20,316
Temporarily restricted	24,612	23,992
Total net assets	44,111	44,308
Total liabilities and net assets	\$ 56,412	\$ 53,998

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Activities
Years Ended December 31, 2013 and 2012
(Amounts in Thousands)

	2013		
	Unrestricted	Temporarily Restricted	Total
Revenue, Gains and Other Support			
Contributions	\$ 984	\$ 5,176	\$ 6,160
In-kind contributions	508	290	798
Special events (net of expenses of \$147 and \$156)	538	96	634
Grant income	707	851	1,558
Investment income (net of expenses of \$214 and \$86)	422	-	422
Rental income - Christel House Academy	1,218	-	1,218
Other	27	42	69
	<u>4,404</u>	<u>6,455</u>	<u>10,859</u>
Net assets released from restrictions	5,835	(5,835)	-
Total revenue, gains and other support	<u>10,239</u>	<u>620</u>	<u>10,859</u>
Expenses			
Program services			
Grants	1,057	-	1,057
Academics	7,506	-	7,506
	<u>8,563</u>	<u>-</u>	<u>8,563</u>
Management and general	1,192	-	1,192
Fundraising	2,293	-	2,293
Total expenses	<u>12,048</u>	<u>-</u>	<u>12,048</u>
Change in Net Assets From Operations	(1,809)	620	(1,189)
Other Gains and Losses			
Realized gain on investments	1,043	-	1,043
Unrealized gain on investments	1,272	-	1,272
Foreign currency translation adjustment	(1,323)	-	(1,323)
	<u>(1,323)</u>	<u>-</u>	<u>(1,323)</u>
Change in Net Assets	(817)	620	(197)
Net Assets, Beginning of Year	<u>20,316</u>	<u>23,992</u>	<u>44,308</u>
Net Assets, End of Year	<u>\$ 19,499</u>	<u>\$ 24,612</u>	<u>\$ 44,111</u>

2012		
Unrestricted	Temporarily Restricted	Total
\$ 716	\$ 8,276	\$ 8,992
616	123	739
656	1	657
755	980	1,735
729	-	729
1,195	-	1,195
90	-	90
<u>4,757</u>	<u>9,380</u>	<u>14,137</u>
6,647	(6,647)	-
<u>11,404</u>	<u>2,733</u>	<u>14,137</u>
896	-	896
7,629	-	7,629
<u>8,525</u>	<u>-</u>	<u>8,525</u>
1,171	-	1,171
2,077	-	2,077
<u>11,773</u>	<u>-</u>	<u>11,773</u>
(369)	2,733	2,364
687	-	687
162	-	162
<u>(56)</u>	<u>-</u>	<u>(56)</u>
424	2,733	3,157
<u>19,892</u>	<u>21,259</u>	<u>41,151</u>
<u>\$ 20,316</u>	<u>\$ 23,992</u>	<u>\$ 44,308</u>

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Cash Flows
Years Ended December 31, 2013 and 2012
(Amounts in Thousands)

	2013	2012
Operating Activities		
Change in net assets	\$ (197)	\$ 3,157
Items not requiring (providing) cash		
Depreciation	944	1,024
Amortization of bond issue costs	15	14
Foreign currency translation adjustment	1,323	56
Realized gain on sale of investments	(1,043)	(687)
Unrealized gain on investments	(1,272)	(162)
Changes in		
Accounts receivable	784	(506)
Contributions receivable	(1,220)	730
Other assets	(57)	(27)
Accounts payable	3,355	(74)
Accrued payroll and other	(64)	66
Net cash provided by operating activities	2,568	3,591
Investing Activities		
Purchase of investments	(8,319)	(5,541)
Proceeds from sale of investments	7,324	7,356
Purchase of rental property and property and equipment	(5,169)	(411)
Net cash provided by (used in) investing activities	(6,164)	1,404
Financing Activity - bond principal payments	(680)	(660)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(436)	38
Net Increase (Decrease) in Cash and Cash Equivalents	(4,712)	4,373
Cash and Cash Equivalents, Beginning of Year	5,613	1,240
Cash and Cash Equivalents, End of Year	\$ 901	\$ 5,613
Supplemental Cash Flows Information		
Interest paid	\$ 17	\$ 23
Rental property and property and equipment in accounts payable	3,353	-

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2013 and 2012
(Amounts in Thousands)

Note 1: Nature of Operations and Summary of Significant Accounting Policies

General

Christel House International, Inc. (CHI) and Affiliates (collectively known as “Christel House”) is a not-for-profit organization (501(c)(3)) whose principal activity is to support educational efforts, primarily through grant-making. CHI was established in 1998 and developed learning centers in India, Mexico, Venezuela, South Africa and the United States and currently serves over 4,300 students worldwide. The mission of Christel House is to give impoverished children the tools and training to become self-sufficient, contributing members of society.

Christel House operates nonresidential learning centers for underserved children and provides a holistic approach to child development. The children are enrolled at Christel House learning centers in a formal, structured educational curriculum taught by qualified instructors. The curriculum is designed for mastery of basic skills in reading, writing and math. The curriculum supplements this core knowledge with classes in English, technology, character and leadership development, life skills, career planning, arts and culture. Medical needs affecting a child’s ability to learn are identified and intervention programs implemented. Outcomes and progress of all programs are monitored for success, with the ultimate goal for each child to become a self-sufficient, productive member of society. The CHI Scholars program operates in Serbia and Venezuela where children have access to education, but lack the funds for book fees, study fees and vocational training. Christel House also operates its European fundraising activities through London-based, Christel House Europe.

Parents, family members and other caregivers are also offered education programs to improve parenting and life skills. These programs are designed to reinforce the gains made by the children at Christel House learning centers.

Use of Estimates

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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

December 31, 2013 and 2012

(Amounts in Thousands)

Principles of Combination and Consolidation

Christel House prepares its financial statements in accordance with accounting principles generally accepted in the United States of America.

Christel House International, Inc. presents combined and consolidated financial statements that include the financial information of the following affiliated organizations:

- Christel House International, Inc.
- Christel House India
- Christel House de Mexico, A.C.
- Christel House Europe
- Christel House South Africa

Each of the entities is a separately incorporated not-for-profit organization and is governed by a board of directors within their respective countries. CHI has an economic interest in all of these entities and has control over a majority of these entities, within the meaning of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

In addition, CHI provides management and financial support to Christel House Academy (Academy) and Christel House DORS (DORS), affiliated charter schools located in Indianapolis, Indiana, and Christel House (Lavasa), located in Lavasa, India. CHI also provides program and financial support to U.E. Alianza (ALZ), formerly Christel House Venezuela, located in Caracas, Venezuela. The financial information related to the Academy, DORS, Lavasa and ALZ are not consolidated in these financial statements as these organizations are not under the control of CHI within the meaning of FASB ASC Topic 958, *Not-For-Profit Entities*.

The December 31 net asset balances of the affiliated consolidated organizations are as follows:

	2013	2012
Christel House de Mexico, A.C.	\$ 2,224	\$ 2,184
Christel House India	1,704	1,433
Christel House South Africa	5,231	6,243
Christel House Europe (United Kingdom)	39	33
	\$ 9,198	\$ 9,893

The net assets of affiliated organizations can vary significantly from year to year as a result of the timing of funding provided by CHI. The net assets of these affiliates included approximately \$2.1 million and \$2.3 million of such funding as of December 31, 2013 and 2012, respectively.

All material interorganizational accounts and transactions have been eliminated in combination and consolidation.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
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(Amounts in Thousands)

Cash and Cash Equivalents

Christel House considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2013 and 2012, cash equivalents consisted primarily of money market funds.

At December 31, 2013, CHI's cash accounts did not exceed federally insured limits and were fully insured. Additionally, at December 31, 2013, the funds held outside the United States were \$225 and are not insured by the FDIC.

Investments and Investment Return

Investments are carried at fair value. Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses on investments.

Investment return that is initially restricted by donor stipulation is reported as temporarily restricted return and net assets. When the donor stipulation is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined and consolidated statements of activities as net assets released from restrictions. Other investment return is reflected in the combined and consolidated statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line basis or alternative depreciation system over the estimated useful life of assets as follows:

	<u>Years</u>
Buildings	40
Leasehold improvements	15 - 20
Furniture and equipment	5 - 7
Computer hardware and software	3 - 5

Long-Lived Asset Impairment

Christel House evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2013 and 2012.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
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Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by Christel House has been limited by donors to a specific time period or purpose. Temporarily restricted net assets at December 31, 2013 include \$20,765 donated by Christel DeHaan, CHI's Founder, President and Chief Executive Officer. This balance is restricted for payment of future general and administrative expenses of Christel House. In addition, this balance may be used to fund future operating shortfalls of Christel House.

Contributions

Revenues and support are derived principally from contributions and income from special events.

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined and consolidated statements of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

In-Kind Contributions

In addition to receiving cash contributions, Christel House receives in-kind contributions of goods from various donors. It is the policy of Christel House to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended December 31, 2013 and 2012, \$798 and \$739, respectively, were received in in-kind contributions.

Grant Making

Unconditional grants are recognized as expenses in the period approved.

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

December 31, 2013 and 2012

(Amounts in Thousands)

Foreign Currency Translation

Christel House considers US Dollars its functional currency as a substantial portion of Christel House's business activities are based in US Dollars. Transactions involving foreign currencies are translated at the approximate rates of exchange existing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the year-end are retranslated at the approximate rates of exchange at that date. Gains and losses relating to foreign currency translations are recorded in the combined and consolidated statements of activities as a component of the change in net assets. The combined and consolidated financial statements include foreign affiliates. Their assets and liabilities are translated into US Dollars at the exchange rate in effect at the statements of financial position date. Revenues and expenses are translated at the average exchange rate during the year.

Income Taxes

Christel House International, Inc. is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar provision of state law. Christel House de Mexico, A.C., Christel House Europe, Christel House South Africa, and Christel House India are tax-exempt entities. Christel House International, Inc. is not considered to be a private foundation. For Christel House International, Inc., the tax years still subject to examination by taxing authorities in the United States are years subsequent to 2009.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the combined and consolidated statements of activities. Certain costs have been allocated among the grants, academic programs and other program services, management and general, and fundraising categories based upon actual expenditures and cost allocations estimated by Christel House personnel.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the combined and consolidated financial statements were available to be issued.

On May 12, 2014, Christel House Mexico entered into a memorandum of understanding with a major Mexico City-based real estate investment trust, whereby the trust will purchase a parcel of land and construct a K-12 school. This new facility will allow Christel House Mexico to relocate its existing learning center and add a high school, allowing for the service of additional impoverished communities while continuing service to current Christel House students and families. It is anticipated that the new school will be open for operations in August 2015. The memorandum of understanding anticipates that Christel House will lease the facility from the trust at a fixed annual lease rate of 6% of the net cost invested by the trust. The trust will undertake actions with its suppliers, and other individuals or entities to achieve donations or reductions in quotes, expenses and costs, labor force and/or any other goods or services needed to carry out the construction with the goal of reducing future rent requirements.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
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(Amounts in Thousands)

Note 2: Investments and Investment Return

Investments are as follows:

	2013	2012
Certificates and investment cash	\$ 3,025	\$ 4,115
Commodities	319	374
Equities		
North America	5,941	4,231
International	1,191	903
Government agencies		
North America	3,835	2,753
International	421	412
Corporate obligations	1,862	2,186
Municipal obligations	406	231
Alternative investments	8,639	7,124
	<u>\$ 25,639</u>	<u>\$ 22,329</u>

The following schedule summarizes the investment return and its classification in the combined and consolidated statements of activities.

	2013	2012
Investment income (net of expenses of \$214 and \$86)	\$ 422	\$ 729
Net realized gains	1,043	687
Net unrealized gains	<u>1,272</u>	<u>162</u>
Total return on investments	<u>\$ 2,737</u>	<u>\$ 1,578</u>

Christel House International, Inc. and Affiliates
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Alternative Investments

Alternative investments held at December 31, 2013 and 2012 consist of the following:

	2013		
	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity and debt long/short hedge funds (A)	\$ 1,038	Monthly	30 days
Distressed debt funds (B)	246	Not eligible	N/A
Private investment partnership funds (C)	4,485	Quarterly	45 days
Multi-asset fund (D)	81	Daily	None required
Emerging markets (E)	1,503	Monthly	30 days
International equity (F)	669	Monthly	30 days
Private equity (G)	552	Not eligible	N/A
U.S. Real Estate (H)	65	Not eligible	N/A
	<u>8,639</u>		
Total alternative investments	<u>\$ 8,639</u>		

	2012		
	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity and debt long/short hedge funds (A)	\$ 500	Monthly	30 days
Distressed debt funds (B)	752	Not eligible	N/A
Private investment partnership funds (C)	3,296	Quarterly	45 days
Multi-asset fund (D)	25	Daily	None required
Emerging markets (E)	1,506	Monthly	30 days
International equity (F)	733	Monthly	30 days
Private equity (G)	312	Not eligible	N/A
	<u>7,124</u>		
Total alternative investments	<u>\$ 7,124</u>		

Christel House International, Inc. and Affiliates
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Unfunded commitments totaled approximately \$1,029 and \$1,461 at December 31, 2013 and 2012, respectively.

- (A) This category includes investments in hedge funds that take both long and short positions, invested in securities traded on domestic and foreign exchanges and over-the-counter as well as securities for which there is no public market. The fair values of the investments in this category have been estimated using the net asset values per share as reported by the fund administrator.
- (B) This category includes investments in funds that invest primarily in distressed debt situations, including well-collateralized distressed senior secured loan obligations where the fund can influence the outcome of events. The fund seeks to invest in situations that reflect a discount to the underlying collateral value, enterprise value or both, with the intent of recovering substantial premiums to acquisition prices. Distributions from each fund will be made as the underlying investments of the funds are liquidated. The fund term will end on the seventh anniversary of the final closing date of the Partnership, subject to extension by the directors for up to two additional one-year periods. The fair values of the investments in this category have been estimated using Christel House's ownership interest in partners' capital as reported by the fund administrators. This category also includes several real estate funds that invest primarily in U.S. commercial real estate. The primary focus of the fund is to provide mezzanine financing for commercial buildings, single family lot development and condominium development. Investments are concentrated in the metropolitan areas of Indiana, Illinois, Ohio, North Carolina and Florida. These investments can never be redeemed with the funds. Distributions from each fund will be made as the underlying investments of the funds are liquidated. The fund term will end on the seventh anniversary of the final closing date of the Partnership, subject to extension by the directors for up to two additional one-year periods. The fair values of the investments in this category have been estimated using Christel House's ownership interest in partners' capital as reported by the fund administrators.
- (C) This category includes several private investment partnerships funds that invest in various industries and sectors or markets. In addition, certain investment partners invest in investment funds that utilize short positions, leverage (including margin borrowing), options, futures, commodities and other derivatives and may invest in non-U.S. securities and illiquid securities. The fair values of the investments in this category have been estimated using Christel House's ownership interest in partners' capital as reported by the fund administrators.
- (D) This category includes investments in acquired funds, common and preferred stocks, real estate investment trusts, high yield bonds, securities issued or guaranteed by the U.S. Government, corporate bonds and short-term money markets. The fair values of the investments in this category have been estimated using the net asset values per share as reported by the fund administrator.

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- (E) This category includes investments in sensibly-priced, high quality emerging market companies that are anticipated to deliver long-term earnings growth. The fund will typically be invested in 50 - 70 holdings at any given time. In addition, certain funds see to diversify exposure to emerging market local currency debt asset class by reasonable participation in up markets while protecting assets in down markets. The investments seek to incorporate a risk management approach which emphasizes responsible investment in emerging markets. The fair values of the investments in this category have been estimated using Christel House's ownership interest in partners' capital as reported by the fund administrators.
- (F) This category includes investments in global companies expected to exceed expectations based upon improvements in key business drivers and investments in liquid commodity future markets focused on the energy, metals and agriculture markets. The fund will typically be invested in 70 - 95 companies expected to exceed market expectations at any point in time. The fair values of the investments in this category have been estimated either by using Christel House's ownership interest in partners' capital as reported by the fund administrators or using the net asset values per share as reported by the fund administrator.
- (G) This category seeks to provide investors with long-term compound annual returns in excess of those generally available in the public equity market by investing in funds which are expected to generate top-quartile performance. The funds focus on investments in U.S. Buyout Funds, Venture Capital Funds and Non-U.S. Buyout Funds. The fair values of the investments in this category have been estimated using Christel House's ownership interest in partners' capital as reported by the fund administrators.
- (H) This category seeks to invest primarily in short-term bridge loans with maturities ranging from 12 to 36 months and fixed interest rates between 8% and 12%. Loans are secured by a broad range of real estate assets located in the United States. The fair values of the investments in this category have been estimated using Christel House's ownership interest in partners' capital as reported by the fund administrators.

Note 3: Contributions Receivable - Temporarily Restricted

	<u>2013</u>	<u>2012</u>
Due within one year	\$ 1,470	\$ 1,558
Due in one to five years	1,420	50
	<u>2,890</u>	<u>1,608</u>
Discount	(68)	(6)
	<u>\$ 2,822</u>	<u>\$ 1,602</u>

Discount rates ranged from 1.37% to 1.54% for 2013 and 2012.

Christel House International, Inc. and Affiliates
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Note 4: Rental Property - Christel House Academy

During 2002, Christel House International, Inc. (CHI) acquired and renovated an educational facility, Christel House Academy. In December 2002, CHI agreed to lease this facility to Christel House Academy, Inc. (Academy), a charter school in the Indianapolis area. The Academy is a separately incorporated, not-for-profit organization that is not controlled by CHI. The Academy receives public support from the State of Indiana as well as contributions from CHI. As discussed more fully in Note 6, CHI issued \$14,000 of bonds to assist in the financing and construction of Christel House Academy.

The lease entered into between CHI and the Academy is for a term of 25 years commencing on July 1, 2009. Future rent payments due from the Academy are shown below. Rent receivable under this lease agreement is \$478 and \$740 as of December 31, 2013 and 2012, respectively. This rent receivable is included in accounts receivable balances.

On June 7, 2013, CHI entered into a construction management agreement with a third-party for the development of an expansion charter school, Christel House Academy West, in Indianapolis, Indiana. Construction began in August 2013 with completion anticipated in time for the start of the 2014/2015 school year. Estimated total construction costs are approximately \$11.6 million. Progress payments made toward this expansion project are reflected as construction in progress below.

Property rented to Christel House Academy, Inc. for the operation of the charter school is as follows:

	2013	2012
Buildings	\$ 15,704	\$ 15,704
Land improvements	363	363
	<u>16,067</u>	<u>16,067</u>
Accumulated depreciation	(3,613)	(3,202)
	<u>12,454</u>	<u>12,865</u>
Construction in progress	4,573	-
Land	2,455	2,233
	<u><u>\$ 19,482</u></u>	<u><u>\$ 15,098</u></u>

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Future lease payments due from Christel House Academy, Inc. at December 31, 2013 were:

2014	\$	1,012
2015		1,000
2016		991
2017		981
2018		966
Thereafter		3,904
		<u>3,904</u>
	\$	<u>8,854</u>

Note 5: Property and Equipment

Christel House's property and equipment are as follows:

	<u>2013</u>	<u>2012</u>
Buildings	\$ 6,223	\$ 7,108
Land	617	642
Leasehold improvements	471	388
Furniture and equipment	1,197	1,267
Computer hardware and software	1,288	1,390
Books and educational materials	159	252
Motor vehicles	218	238
	<u>10,173</u>	<u>11,285</u>
Accumulated depreciation	<u>(3,930)</u>	<u>(3,996)</u>
	<u>\$ 6,243</u>	<u>\$ 7,289</u>

Note 6: Bonds Payable

The Indiana Development Finance Authority issued its \$14,000 Variable Rate Demand Educational Facilities Revenue Bonds, Series 2003 (Christel House, Inc. Project) (2003 Bonds) in February 2003. The proceeds from the 2003 Bonds were loaned to CHI for acquisition, construction, installation and equipping of the Christel House Academy. Principal on this loan is due annually on February 1, and interest is due monthly on the first day of each month. The interest rate mode at December 31, 2013 was weekly, and the interest rate is reset on a weekly basis by the remarketing agreement. CHI can periodically elect to change the interest rate modes as specified in the trust indenture. The interest rate in effect at December 31, 2013 was 0.19%. CHI pays the remarketing agent an annual fee of 0.075% of the outstanding principal balance on the loan. The 2003 Bonds mature February 1, 2023. CHI has agreed to redeem these bonds in the principal amounts and on the dates set forth in the reimbursement agreement with the bank. Furthermore, CHI has the option to redeem or repay these bonds prior to maturity, partially or in full, subject to the redemption terms and pricing set forth in the trust indenture.

Christel House International, Inc. and Affiliates
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The 2003 Bonds are secured by a reimbursement agreement and an irrevocable letter of credit in a maximum amount up to \$14,173, which expires February 15, 2016. The reimbursement agreement and letter of credit are secured by a “Continuing Guaranty Agreement” which is in effect for the term of the reimbursement agreement. The guarantor is Christel DeHaan, CHI’s Founder, President and Chief Executive Officer. The guarantor must submit certain reports attesting to the guarantor’s net marketable asset position being at least two times the outstanding principal amount of the bonds. There are also other covenants with which the guarantor has agreed to comply. The beneficiary and trustee, Fifth Third Bank, holds the option to extend the expiration date of this letter of credit. This letter of credit will be reduced as the bond principal is repaid. There is an annual letter of credit fee of 0.68% of the outstanding principal balance. If the letter of credit is exercised, repayment is due on demand, with interest of prime plus 8%.

Issuance costs in the amount of \$293 were capitalized during 2003 and are being amortized over 20 years. Unamortized issuance costs as of December 31, 2013 and 2012 were \$133 and \$148, respectively.

The future maturities of bonds payable are as follows:

2014	\$	700
2015		720
2016		740
2017		765
2018		790
Thereafter		4,310
		8,025
	\$	8,025

Interest expense for the years ended December 31, 2013 and 2012 was \$17 and \$23, respectively.

Note 7: Line of Credit

To assist in financing the Christel House Academy West building construction, CHI established a line of credit agreement on October 4, 2013, with a bank in the amount of \$13,000,000 secured by CHI’s investment portfolio held at the same bank. There were no borrowings against this line at December 31, 2013. The line bears interest at three quarters of 1% (+.75%) above LIBOR for periods of one month through one year, or at three quarters of 1% (-.75%) less than the bank’s prime lending rate. The term of this line of credit expires on September 30, 2015.

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Note 8: Leases

Noncancellable operating leases for office space expire on December 31, 2021. Christel House is required to pay all executory costs (property taxes, maintenance and insurance). CHI's lease for office space includes an option to terminate the lease provided CHI pays a termination fee at least 30 days prior to termination. Rent expense for the years ended December 31, 2013 and 2012 was \$194 and \$192, respectively. Rent expense is recognized on a straight-line basis.

Future minimum lease payments at December 31, 2013, were:

2014	\$	81
2015		146
2016		148
2017		150
2018		152
Thereafter		465
		<hr/>
	\$	<u>1,142</u>

Note 9: Related Party Transactions

Contributions from Christel DeHaan, CHI's Founder, President and Chief Executive Officer, can and have varied from year to year resulting in significant swings in the financial results reflected on CHI's combined and consolidated statements of activities. During 2013 and 2012, CHI received \$970 and \$6,701, respectively, from Ms. DeHaan. The average annual Founder contribution for the five-year period from 2008 through 2012 was \$6,222.

In 2013 and 2012, CHI expensed \$1,586 and \$1,362, respectively, in payroll related costs that were originally paid by CD Enterprises, Ltd. (CDE), a related party. Included in these expenses was \$81 and \$89 for CHI employer contributions to CDE's 401(k) plan for the years ended December 31, 2013 and 2012, respectively. As of December 31, 2013 and 2012, CHI had an outstanding liability balance of \$251 and \$254, respectively, related to these payroll costs, which is included in accrued payroll and other on the combined and consolidated statements of financial position.

As discussed in Note 4, Christel House leases property to the Christel House Academy, Inc., and also provides grants to several affiliates.

Note 10: Conditional Contribution

During 2012, CHI was awarded a grant to develop, create and maintain a network of exceptional public charter schools in Marion County, Indiana. This contribution is contingent upon specific performance-based benchmarks that must be met prior to approval of the next phase of funding. As of December 31, 2013, CHI has recognized contribution revenues of \$500,000 under this grant. This is a multi-year award and projected future funding of \$500,000 will continue through grant completion.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
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Note 11: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	2013	2012
Contributions restricted for periods after December 31	\$ 21,373	\$ 22,293
Capital projects	330	877
Learning center programs and services	2,335	567
Nutritional support	99	73
Parent workshops	1	20
Special projects	306	-
Other programs	168	162
	<u>\$ 24,612</u>	<u>\$ 23,992</u>

Each year, CHI releases funds to cover all management and general expenses and fundraising expenses. In addition, funds are released to cover any shortfall in funding for programs and services. One hundred percent of the contributions received from donors other than the Founder are solely applied to programs and services benefiting the children of Christel House.

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2013	2012
Time restrictions	\$ 2,486	\$ 3,892
Capital projects	914	1,191
Nutritional support	100	80
Learning center programs and services	2,122	1,470
Parent workshops	19	10
Other programs	194	4
	<u>\$ 5,835</u>	<u>\$ 6,647</u>

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

December 31, 2013 and 2012

(Amounts in Thousands)

Note 12: Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying combined and consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2013. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Cash Equivalents

Christel House's cash equivalents consist of money market mutual funds that have quoted market prices available in an active market and are classified within Level 1 of the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 securities.

The value of certain investments, classified as alternative investments, is determined using net asset value (or its equivalent) as a practical expedient. Investments for which Christel House expects to have the ability to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 2. Investments for which Christel House does not expect to be able to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 3.

Christel House International, Inc. and Affiliates
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Fair value determinations for Level 3 measurements of securities are the responsibility of Christel House personnel. Christel House personnel contract with a pricing specialist to generate fair value estimates on a monthly or quarterly basis. Christel House personnel challenge the reasonableness of the assumptions used and review the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States. As previously noted, Christel House's alternative investments are valued at net asset value or its equivalent and classified within the fair value hierarchy based on Christel House's ability to redeem the fund within a reasonable period of time.

The following tables present the fair value measurements of assets recognized in the accompanying combined and consolidated statements of financial position, measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2013 and 2012:

	Fair Value	2013 Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents				
Money market mutual funds	\$ 901	\$ 901	\$ -	\$ -
Investments				
Certificates and investment cash	3,025	3,025	-	-
Commodities	319	319	-	-
Equities				
North America	5,941	5,941	-	-
International	1,191	1,191	-	-
Government agencies				
North America	3,835	3,239	596	-
International	421	421	-	-
Corporate obligations	1,862	-	1,862	-
Municipal obligations	406	-	406	-
Equity and debt long/short hedge funds	1,038	-	1,038	-
Distressed debt funds	246	-	-	246
Private investment partnership funds	4,485	-	4,485	-
Multi-asset fund	81	-	81	-
Emerging markets	1,503	-	1,503	-
International equity	669	-	669	-
Private equity	552	-	-	552
U.S. Real Estate	65	-	-	65
	<u>\$ 26,540</u>	<u>\$ 15,037</u>	<u>\$ 10,640</u>	<u>\$ 863</u>
Total assets	<u>\$ 26,540</u>	<u>\$ 15,037</u>	<u>\$ 10,640</u>	<u>\$ 863</u>

Christel House International, Inc. and Affiliates
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	2012			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents				
Money market mutual funds	\$ 5,613	\$ 5,613	\$ -	\$ -
Investments				
Certificates and investment cash	4,115	4,115	-	-
Commodities	374	374	-	-
Equities				
North America	4,231	4,231	-	-
International	903	903	-	-
Government agencies				
North America	2,753	972	1,781	-
International	412	412	-	-
Corporate obligations	2,186	-	2,186	-
Municipal obligations	231	-	231	-
Equity and debt long/short hedge funds	500	-	500	-
Distressed debt funds	752	-	-	752
Private investment partnership funds	3,296	-	3,296	-
Multi-asset fund	25	-	25	-
Emerging markets	1,506	-	1,506	-
International equity	733	-	733	-
Private equity	312	-	-	312
	<u>\$ 27,942</u>	<u>\$ 16,620</u>	<u>\$ 10,258</u>	<u>\$ 1,064</u>
Total assets				

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
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The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying combined and consolidated statements of financial position using significant unobservable (Level 3) inputs:

	Distressed Debt		Private Equity		U.S. Real Estate	
	2013	2012	2013	2012	2013	2012
Balance, January 1	\$ 752	\$ 2,420	\$ 312	\$ 150	\$ -	\$ -
Total realized and unrealized gains (losses)	95	(250)	30	(22)	-	-
Purchases	7	45	210	184	65	-
Sales	(608)	(1,463)	-	-	-	-
Balance, December 31	<u>\$ 246</u>	<u>\$ 752</u>	<u>\$ 552</u>	<u>\$ 312</u>	<u>\$ 65</u>	<u>\$ -</u>

Realized and unrealized gains and losses for items reflected in the table above are included in the change in net assets in the combined and consolidated statements of activities as follows:

	Distressed Debt			
	2013		2012	
	Change in Net Assets From Operations	Other Gains and Losses	Change in Net Assets From Operations	Other Gains and Losses
Total gains and losses	\$ -	\$ 95	\$ -	\$ (250)
Change in unrealized gains or losses relating to assets still held at the statement of financial position date	-	95	-	(250)

	Private Equity			
	2013		2012	
	Change in Net Assets From Operations	Other Gains and Losses	Change in Net Assets From Operations	Other Gains and Losses
Total gains and losses	\$ -	\$ 30	\$ -	\$ (22)
Change in unrealized gains or losses relating to assets still held at the statement of financial position date	-	30	-	(22)

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
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Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in Level 3 fair value measurements:

	Fair Value	Valuation Technique	Unobservable Inputs	Range (Weighted-Average)
Distressed debt funds	\$ 246	Net Asset Value	Lack of redeemability/liquidity in the following 12 months	0%
Private equity	552	Net Asset Value	Lack of redeemability/liquidity in the following 12 months	0%
U.S. Real Estate	65	Net Asset Value	Lack of redeemability/liquidity in the following 12 months	0%

Note 13: Concentration

Christel House received approximately 10% and 54% of its contribution revenue from the Founder in 2013 and 2012, respectively.

Note 14: Commitments and Contingencies

Christel House is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the combined and consolidated financial position, change in net assets and cash flows of Christel House. Events could occur that would change this estimate materially in the near term.

Supplementary Information

Christel House International, Inc. and Affiliates
Combining and Consolidating Statement of Financial Position
December 31, 2013
(Amounts in Thousands)

	Christel House International, Inc.	Christel House de Mexico, A.C.	Christel House India	Christel House South Africa	Christel House Europe	Eliminations	Total
Assets							
Cash and cash equivalents							
Unrestricted	\$ 596	\$ 45	\$ 19	\$ 27	\$ 45	\$ -	\$ 732
Temporarily restricted	80	1	4	84	-	-	169
Investments							
Unrestricted	2,151	92	270	1,652	-	-	4,165
Temporarily restricted	20,932	387	106	49	-	-	21,474
Accounts receivable	847	-	-	91	-	-	938
Contributions receivable	2,331	-	284	207	-	-	2,822
Other assets	64	19	76	95	-	-	254
Bond issue costs, net	133	-	-	-	-	-	133
Rental property - Christel House Academy	19,482	-	-	-	-	-	19,482
Property and equipment	17	1,887	1,024	3,315	-	-	6,243
	<u>17</u>	<u>1,887</u>	<u>1,024</u>	<u>3,315</u>	<u>-</u>	<u>-</u>	<u>6,243</u>
Total assets	<u>\$ 46,633</u>	<u>\$ 2,431</u>	<u>\$ 1,783</u>	<u>\$ 5,520</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ 56,412</u>
Liabilities							
Accounts payable	\$ 3,428	\$ 8	\$ 6	\$ 144	\$ -	\$ -	\$ 3,586
Accrued payroll and other	267	199	73	145	6	-	690
Bonds payable	8,025	-	-	-	-	-	8,025
Total liabilities	<u>11,720</u>	<u>207</u>	<u>79</u>	<u>289</u>	<u>6</u>	<u>-</u>	<u>12,301</u>
Net Assets							
Unrestricted	11,348	1,837	1,310	4,965	39	-	19,499
Temporarily restricted	23,565	387	394	266	-	-	24,612
Total net assets	<u>34,913</u>	<u>2,224</u>	<u>1,704</u>	<u>5,231</u>	<u>39</u>	<u>-</u>	<u>44,111</u>
Total liabilities and net assets	<u>\$ 46,633</u>	<u>\$ 2,431</u>	<u>\$ 1,783</u>	<u>\$ 5,520</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ 56,412</u>

Christel House International, Inc. and Affiliates
Combining and Consolidating Statement of Financial Position
December 31, 2012
(Amounts in Thousands)

	Christel House International, Inc.	Christel House de Mexico, A.C.	Christel House India	Christel House South Africa	Christel House Europe	Eliminations	Total
Assets							
Cash and cash equivalents							
Unrestricted	\$ 2,719	\$ 145	\$ 9	\$ 22	\$ 54	\$ -	\$ 2,949
Temporarily restricted	2,302	248	9	96	9	-	2,664
Investments							
Unrestricted	567	25	6	1,916	-	-	2,514
Temporarily restricted	19,536	-	-	279	-	-	19,815
Accounts receivable	1,676	9	-	37	-	-	1,722
Contributions receivable	1,274	-	317	11	-	-	1,602
Other assets	82	13	67	35	-	-	197
Bond issue costs, net	148	-	-	-	-	-	148
Rental property - Christel House Academy	15,098	-	-	-	-	-	15,098
Property and equipment	39	1,944	1,110	4,196	-	-	7,289
	<u>39</u>	<u>1,944</u>	<u>1,110</u>	<u>4,196</u>	<u>-</u>	<u>-</u>	<u>7,289</u>
Total assets	<u>\$ 43,441</u>	<u>\$ 2,384</u>	<u>\$ 1,518</u>	<u>\$ 6,592</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ 53,998</u>
Liabilities							
Accounts payable	\$ 49	\$ 6	\$ 6	\$ 170	\$ -	\$ -	\$ 231
Accrued payroll and other	272	194	79	179	30	-	754
Bonds payable	8,705	-	-	-	-	-	8,705
Total liabilities	<u>9,026</u>	<u>200</u>	<u>85</u>	<u>349</u>	<u>30</u>	<u>-</u>	<u>9,690</u>
Net Assets							
Unrestricted	11,303	1,936	1,107	5,946	24	-	20,316
Temporarily restricted	23,112	248	326	297	9	-	23,992
Total net assets	<u>34,415</u>	<u>2,184</u>	<u>1,433</u>	<u>6,243</u>	<u>33</u>	<u>-</u>	<u>44,308</u>
Total liabilities and net assets	<u>\$ 43,441</u>	<u>\$ 2,384</u>	<u>\$ 1,518</u>	<u>\$ 6,592</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ 53,998</u>

Christel House International, Inc. and Affiliates
Combining and Consolidating Statement of Activities
Year Ended December 31, 2013
(Amounts in Thousands)

	Christel House International, Inc.	Christel House de Mexico, A.C.	Christel House India	Christel House South Africa	Christel House Europe	Eliminations	Total
Revenue, Gains and Other Support							
Contributions	\$ 4,306	\$ 776	\$ 137	\$ 836	\$ 105	\$ -	\$ 6,160
Direct contributions	76	107	155	304	222	(864)	-
CHI funding	-	1,377	970	2,083	38	(4,468)	-
In-kind contributions	548	60	18	171	1	-	798
Special events (net of expenses of \$147)	542	12	6	13	61	-	634
Grants	478	59	509	512	-	-	1,558
Investment income (net of expenses of \$214)	249	10	40	123	-	-	422
Rental income - Christel House Academy	1,218	-	-	-	-	-	1,218
Other	24	33	1	11	-	-	69
Total revenue, gains and other support	<u>7,441</u>	<u>2,434</u>	<u>1,836</u>	<u>4,053</u>	<u>427</u>	<u>(5,332)</u>	<u>10,859</u>
Expenses							
Program services							
Grants	6,027	2	-	-	360	(5,332)	1,057
Academics	1,084	1,828	1,053	3,541	-	-	7,506
	<u>7,111</u>	<u>1,830</u>	<u>1,053</u>	<u>3,541</u>	<u>360</u>	<u>(5,332)</u>	<u>8,563</u>
Management and general	775	162	108	124	23	-	1,192
Fundraising	1,372	411	229	242	39	-	2,293
Total expenses	<u>9,258</u>	<u>2,403</u>	<u>1,390</u>	<u>3,907</u>	<u>422</u>	<u>(5,332)</u>	<u>12,048</u>
Change in Net Assets From Operations	(1,817)	31	446	146	5	-	(1,189)
Other Gains and Losses							
Realized gain on investments	1,043	-	-	-	-	-	1,043
Unrealized gain on investments	1,272	-	-	-	-	-	1,272
Foreign currency translation adjustment	-	9	(175)	(1,158)	1	-	(1,323)
	<u>-</u>	<u>9</u>	<u>(175)</u>	<u>(1,158)</u>	<u>1</u>	<u>-</u>	<u>(1,323)</u>
Change in Net Assets	498	40	271	(1,012)	6	-	(197)
Net Assets, Beginning of Year	<u>34,415</u>	<u>2,184</u>	<u>1,433</u>	<u>6,243</u>	<u>33</u>	<u>-</u>	<u>44,308</u>
Net Assets, End of Year	<u>\$ 34,913</u>	<u>\$ 2,224</u>	<u>\$ 1,704</u>	<u>\$ 5,231</u>	<u>\$ 39</u>	<u>\$ -</u>	<u>\$ 44,111</u>

Christel House International, Inc. and Affiliates
Combining and Consolidating Statement of Activities
Year Ended December 31, 2012
(Amounts in Thousands)

	Christel House International, Inc.	Christel House de Mexico, A.C.	Christel House India	Christel House South Africa	Christel House Europe	Eliminations	Total
Revenue, Gains and Other Support							
Contributions	\$ 7,922	\$ 293	\$ 127	\$ 556	\$ 94	\$ -	\$ 8,992
Direct contributions	31	267	116	263	17	(694)	-
CHI funding	-	180	283	1,847	57	(2,367)	-
In-kind contributions	313	61	68	291	6	-	739
Special events (net of expenses of \$156)	513	27	26	30	61	-	657
Grants	712	59	416	548	-	-	1,735
Investment income (net of expenses of \$86)	573	30	19	107	-	-	729
Rental income - Christel House Academy	1,195	-	-	-	-	-	1,195
Other	57	10	1	13	9	-	90
Total revenue, gains and other support	<u>11,316</u>	<u>927</u>	<u>1,056</u>	<u>3,655</u>	<u>244</u>	<u>(3,061)</u>	<u>14,137</u>
Expenses							
Program services							
Grants	3,800	4	-	-	153	(3,061)	896
Academics	1,041	1,666	981	3,941	-	-	7,629
	<u>4,841</u>	<u>1,670</u>	<u>981</u>	<u>3,941</u>	<u>153</u>	<u>(3,061)</u>	<u>8,525</u>
Management and general	705	168	105	166	27	-	1,171
Fundraising	1,171	373	222	245	66	-	2,077
Total expenses	<u>6,717</u>	<u>2,211</u>	<u>1,308</u>	<u>4,352</u>	<u>246</u>	<u>(3,061)</u>	<u>11,773</u>
Change in Net Assets From Operations	4,599	(1,284)	(252)	(697)	(2)	-	2,364
Other Gains and Losses							
Realized gain on investments	687	-	-	-	-	-	687
Unrealized gain on investments	162	-	-	-	-	-	162
Foreign currency translation adjustment	-	215	(76)	(196)	1	-	(56)
Total other gains and losses	<u>849</u>	<u>215</u>	<u>(76)</u>	<u>(196)</u>	<u>1</u>	<u>-</u>	<u>849</u>
Change in Net Assets	5,448	(1,069)	(328)	(893)	(1)	-	3,157
Net Assets, Beginning of Year	<u>28,967</u>	<u>3,253</u>	<u>1,761</u>	<u>7,136</u>	<u>34</u>	<u>-</u>	<u>41,151</u>
Net Assets, End of Year	<u>\$ 34,415</u>	<u>\$ 2,184</u>	<u>\$ 1,433</u>	<u>\$ 6,243</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ 44,308</u>

Christel House International, Inc. and Affiliates
Combined and Consolidated Statement of Functional Expenses
Year Ended December 31, 2013
(Amounts in Thousands)

	Program Service Expenses			Supporting Services		Total Expenses
	Grants	Academics	Total Program Services	Management and General	Fundraising	
Salaries and benefits	\$ -	\$ 4,150	\$ 4,150	\$ 788	\$ 1,227	\$ 6,165
Direct grants	1,057	-	1,057	-	-	1,057
Outside services	-	149	149	146	173	468
Course materials/supplies	-	439	439	-	-	439
Medicine/laboratories	-	25	25	-	-	25
Nutritional support	-	654	654	-	-	654
Sales and marketing	-	-	-	-	645	645
Travel and entertainment	-	19	19	43	89	151
Vehicle/transportation expense	-	454	454	1	4	459
Rent and facilities	-	496	496	86	63	645
Depreciation and amortization	-	929	929	25	5	959
Interest expense/bond fees	-	89	89	-	-	89
Other	-	102	102	103	87	292
Total expenses	\$ 1,057	\$ 7,506	\$ 8,563	\$ 1,192	\$ 2,293	\$ 12,048

Christel House International, Inc. and Affiliates
Combined and Consolidated Statement of Functional Expenses
Year Ended December 31, 2012
(Amounts in Thousands)

	Program Service Expenses			Supporting Services		Total Expenses
	Grants	Academics	Total Program Services	Management and General	Fundraising	
Salaries and benefits	\$ -	\$ 4,095	\$ 4,095	\$ 788	\$ 1,206	\$ 6,089
Direct grants	896	-	896	-	-	896
Outside services	-	115	115	138	49	302
Course materials/supplies	-	466	466	-	-	466
Medicine/laboratories	-	17	17	-	-	17
Nutritional support	-	661	661	-	14	675
Sales and marketing	-	-	-	-	531	531
Travel and entertainment	-	25	25	34	114	173
Vehicle/transportation expense	-	506	506	1	4	511
Rent and facilities	-	550	550	85	64	699
Depreciation and amortization	-	1,004	1,004	30	4	1,038
Interest expense/bond fees	-	98	98	-	-	98
Other	-	92	92	95	91	278
Total expenses	\$ 896	\$ 7,629	\$ 8,525	\$ 1,171	\$ 2,077	\$ 11,773