

Christel House International, Inc. and Affiliates

Independent Auditor's Report and Combined
and Consolidated Financial Statements

December 31, 2015 and 2014

Christel House International, Inc. and Affiliates

December 31, 2015 and 2014

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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, 2015 and 2014, 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 of Christel House International, Inc. and Affiliates as of December 31, 2015 and 2014, 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
September 8, 2016

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Financial Position
December 31, 2015 and 2014
(Amounts in Thousands)

	2015	2014
Assets		
Cash and cash equivalents		
Unrestricted	\$ 3,492	\$ 1,602
Temporarily restricted	133	724
Permanently restricted	35	-
Total cash and cash equivalents	3,660	2,326
Investments		
Unrestricted	3,010	6,360
Temporarily restricted	29,777	24,551
Permanently restricted	217	217
Total investments	33,004	31,128
Accounts receivable	355	740
Contributions receivable		
Temporarily restricted	3,227	2,245
Permanently restricted	140	-
Other assets	166	195
Bond issue costs, net	73	122
Rental property - Christel House Academy		
Unrestricted	24,944	14,134
Temporarily restricted	222	11,713
Property and equipment	4,882	5,989
Total Assets	\$ 70,673	\$ 68,592
Liabilities		
Accounts payable	\$ 216	\$ 534
Accrued payroll and other	1,204	819
Line of credit	-	3,200
Interest rate swap	128	-
Bonds payable	19,000	7,325
Total Liabilities	20,548	11,878
Net Assets		
Unrestricted	16,374	17,351
Temporarily restricted	33,359	39,146
Permanently restricted	392	217
Total Net Assets	50,125	56,714
Total Liabilities and Net Assets	\$ 70,673	\$ 68,592

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Activities
Years Ended December 31, 2015 and 2014
(Amounts in Thousands)

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenue, Gains and Other Support				
Contributions	\$ 1,144	\$ 3,889	\$ 172	\$ 5,205
In-kind contributions	513	379	-	892
Special events (net of expenses of \$153 and \$179)	731	16	-	747
Grant income	911	397	-	1,308
Investment income (net of expenses of \$40 and \$39)	343	5	-	348
Rental income - Christel House Academy	1,951	-	-	1,951
Other	36	-	3	39
	<u>5,629</u>	<u>4,686</u>	<u>175</u>	<u>10,490</u>
Net assets released from restrictions	10,473	(10,473)	-	-
Total Revenue, Gains and Other Support	<u>16,102</u>	<u>(5,787)</u>	<u>175</u>	<u>10,490</u>
Expenses				
Program services				
Grants	2,559	-	-	2,559
Academics	8,556	-	-	8,556
	<u>11,115</u>	<u>-</u>	<u>-</u>	<u>11,115</u>
Management and general	1,303	-	-	1,303
Fundraising	2,325	-	-	2,325
Total Expenses	<u>14,743</u>	<u>-</u>	<u>-</u>	<u>14,743</u>
Change in Net Assets Before Other Gains and Losses	1,359	(5,787)	175	(4,253)
Other Gains and Losses				
Gain on sale of property	-	-	-	-
Realized gain on investments	361	-	-	361
Unrealized loss on investments	(211)	-	-	(211)
Loss on bond refinancing	(413)	-	-	(413)
Unrealized loss on interest rate swap	(128)	-	-	(128)
Foreign currency translation adjustment	(1,945)	-	-	(1,945)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(977)	(5,787)	175	(6,589)
Net Assets, Beginning of Year	17,351	39,146	217	56,714
Net Assets, End of Year	<u>\$ 16,374</u>	<u>\$ 33,359</u>	<u>\$ 392</u>	<u>\$ 50,125</u>

2014

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 665	\$ 21,029	\$ 217	\$ 21,911
447	127	-	574
649	10	-	659
761	782	-	1,543
683	1	-	684
1,541	-	-	1,541
14	-	-	14
4,760	21,949	217	26,926
7,415	(7,415)	-	-
12,175	14,534	217	26,926
1,783	-	-	1,783
8,220	-	-	8,220
10,003	-	-	10,003
1,220	-	-	1,220
2,360	-	-	2,360
13,583	-	-	13,583
(1,408)	14,534	217	13,343
7	-	-	7
1,064	-	-	1,064
(975)	-	-	(975)
-	-	-	-
-	-	-	-
(836)	-	-	(836)
(2,148)	14,534	217	12,603
19,499	24,612	-	44,111
\$ 17,351	\$ 39,146	\$ 217	\$ 56,714

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Cash Flows
Years Ended December 31, 2015 and 2014
(Amounts in Thousands)

	2015	2014
Operating Activities		
Change in net assets	\$ (6,589)	\$ 12,603
Items not requiring (providing) cash		
Depreciation	1,188	1,034
Amortization of bond issue costs	12	11
Foreign currency translation adjustment	1,945	836
Realized gain on sale of investments	(361)	(1,064)
Unrealized loss on investments	211	975
Interest rate swap unrealized loss	128	-
Loss on refinancing	413	-
Changes in		
Accounts receivable	87	198
Contributions receivable	(1,122)	577
Other assets	29	59
Accounts payable	(318)	(3,052)
Accrued payroll and other	385	129
Net Cash Provided by (Used in) Operating Activities	(3,992)	12,306
Investing Activities		
Purchase of investments	(5,680)	(21,742)
Proceeds from sale of investments	3,954	16,349
Purchase of rental property and property and equipment	(395)	(7,701)
Net Cash Used in Investing Activities	(2,121)	(13,094)
Financing Activities		
Bond principal payments	(7,325)	(700)
Bond proceeds	19,000	-
Borrowing under line of credit	-	3,200
Repayments under line of credit	(3,200)	-
Bond issue costs	(78)	-
Net Cash Provided by Financing Activities	8,397	2,500
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(950)	(287)
Net Increase in Cash and Cash Equivalents	1,334	1,425
Cash and Cash Equivalents, Beginning of Year	2,326	901
Cash and Cash Equivalents, End of Year	\$ 3,660	\$ 2,326
Supplemental Cash Flows Information		
Interest paid	\$ 457	\$ 12

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

December 31, 2015 and 2014

(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, South Africa and the United States and currently serves nearly 4,100 children 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 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. 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.

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

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

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(Amounts in Thousands)

Each of the entities is a separately incorporated not-for-profit organization and is governed by a board of directors within its 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, Inc. (Academy), an affiliated network of charter schools located in Indianapolis, Indiana. The Academy includes Christel House Academy South, Christel House DORS South, Christel House Academy West and Christel House DORS West. CHI also provides management and financial support to Christel House (Lavasa), located in Lavasa, India. The financial information related to the Academy and Lavasa 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*.

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

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, 2015 and 2014, cash equivalents consisted primarily of money market funds.

At December 31, 2015, CHI's cash accounts exceeded federally insured limits by approximately \$2,737. Additionally, at December 31, 2015, the funds held outside the United States were \$285 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.

Christel House International, Inc. and Affiliates
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(Amounts in Thousands)

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	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, 2015 and 2014.

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, 2015 and 2014 include \$28,463 and \$35,583, respectively, donated by Christel DeHaan, CHI's Founder, President and Chief Executive Officer. This balance is restricted for payment of future general and administrative expenses, including fundraising expenses, of Christel House. In addition, this balance may be used to fund future operating shortfalls of Christel House.

Permanently Restricted Net Assets

Permanently restricted net assets are those whose use by Christel House has been limited by donors for perpetuity.

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

December 31, 2015 and 2014

(Amounts in Thousands)

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 or permanently 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.

Grant Making

Unconditional grants are recognized as expenses in the period approved.

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.

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

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(Amounts in Thousands)

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 also 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 2011.

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.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. These reclassifications had no effect on the change in net assets.

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 February 25, 2016, Christel House provided notice to Lavasa Corporation Limited ("LCL") that LCL was in breach of numerous provisions of the management agreement ("Agreement") between Christel House India ("CH India") and LCL, and provided LCL with a 60 day period in which to cure the defaults, as allowed by the Agreement. The period of cure has passed without corrective action and CH India is now working with LCL to establishing a transition plan that will ensure continued educational services for students and families previously served by Christel House Lavasa. CH India will cease operations in Lavasa at the conclusion of the 2016-17 academic year.

On April 15, 2016, Christel House de Mexico, A.C. ("CHMX") entered into a lease agreement for a school facility in Mexico City. This facility will allow CHMX to relocate its existing grades 1 through 9 and add grades 10 through 12, expanding by one grade annually. The location of the new school will allow continued service to current CHMX students and families while also enabling it to reach additional impoverished communities. It is anticipated that the school will be operational in August 2016. The lease has an initial term of five years with an option to extend for an additional five year term. Annual rental is approximately \$300,000.

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:

	2015	2014
Certificates and investment cash	\$ 4,703	\$ 2,343
Commodities	184	235
Equities		
North America	8,698	7,940
International	2,153	1,886
Government agencies		
North America	1,630	3,004
International	-	708
Corporate obligations	371	1,347
Municipal obligations	359	308
Alternative investments	14,906	13,357
	<u>\$ 33,004</u>	<u>\$ 31,128</u>

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

	2015	2014
Investment income (net of expenses of \$40 and \$39)	\$ 348	\$ 684
Net realized gains	361	1,064
Net unrealized losses	(211)	(975)
	<u>\$ 498</u>	<u>\$ 773</u>
Total return on investments	<u>\$ 498</u>	<u>\$ 773</u>

Christel House International, Inc. and Affiliates
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Alternative Investments

Alternative investments held at December 31, 2015 and 2014 consist of the following:

	2015		
	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
International equity long/short hedge funds (A)	\$ 1,221	Monthly	30 days
Distressed debt funds (B)	20	Not eligible	N/A
Hedge funds of funds (C)	6,953	Quarterly	45 days
Multi-asset fund (D)	360	Daily	None required
Emerging markets (E)	1,288	Monthly	30 days
International commodities (F)	417	Monthly	30 days
Limited partnerships (G)	1,621	Not eligible	N/A
U.S. real estate (H)	580	Not eligible	N/A
Master limited partnership (I)	84	Quarterly	30 days
Real Estate core property trust (CPT) (J)	261	Quarterly	45 days
Absolute return hedge fund of funds (K)	1,522	Semi-annual	100 days
High Yield Debt (L)	579	Quarterly	45 days
Total alternative investments	<u>\$ 14,906</u>		

	2014		
	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
International equity long/short hedge funds (A)	\$ 1,065	Monthly	30 days
Distressed debt funds (B)	172	Not eligible	N/A
Hedge fund of funds (C)	6,619	Quarterly	45 days
Emerging markets (E)	1,481	Monthly	30 days
International commodities (F)	586	Monthly	30 days
Limited partnerships (G)	998	Not eligible	N/A
U.S. real estate (H)	621	Not eligible	N/A
Master limited partnership (I)	88	Quarterly	30 days
Real Estate core property trust (CPT) (J)	227	Quarterly	45 days
Absolute return hedge fund of funds (K)	1,500	Semi-annual	100 days
Total alternative investments	<u>\$ 13,357</u>		

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Unfunded commitments totaled approximately \$3,187 and \$858 at December 31, 2015 and 2014, 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 Fund of Funds which may invest either directly or through investments with other managers in underlying funds. The investment strategies include but are not limited to capital structure arbitrage, event driven, fixed income, long/short equity, directly investing in a range of derivatives and selling/purchasing securities for hedging or investment purposes. This fund seeks long-term capital appreciation through investments in seven hedge funds offered by Wellington Hedge Management. The fund does not exercise any discretionary tactical asset allocation, but rather will rebalance once a year to the initial allocation. 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.

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- (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.
- (E) This category includes investments in 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 seek 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 and illiquid commodity markets focused on the energy (including infrastructure), metals and agriculture markets. 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, Non-U.S. buyout funds, energy funds and bridge loan funds. Distributions from each fund will be made as the underlying investments of the funds are liquidated. These funds typically have a life of 10 to 12 years, at which time they will begin to be liquidated. 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. Distributions from each fund will be made as the underlying investments of the funds are liquidated. These funds typically have a life of 4 years, at which time they will begin to be liquidated. 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.

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

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- (I) This category invests in a private investment partnership established to invest primarily in master limited partnerships (“MLPs”) and other securities. The investment objective is to produce an attractive rate of return from both capital appreciation and income through investments in limited partnership units of MLPs and other securities providing the opportunity to achieve such objective. The fund aims to achieve an attractive total rate of return on invested capital, while passing the tax benefits of the underlying investments through to the investors in the fund.
- (J) This category is a diversified open-end real estate fund with a primary investment in four main property types (office, industrial, retail and multi-family) in top-tier U.S. markets. The fund seeks to provide stable income, preservation of capital and modest appreciation over the long-term.
- (K) This category includes investments which provide exposure to a diverse array of absolute return-oriented strategies. The underlying funds include but are not limited to capital structure arbitrage, event driven, fixed income and long/short equity and, from time to time, directly investing in a range of derivatives as well as selling and purchasing securities for hedging or investment purposes.
- (L) This category includes investments in long/short funds which invests primarily in U.S. high yield debt. The funds may take long/short positions in securities or obligations or any other claims at any position in the capital structure of a high yield issuer, including bank debt, bonds, preferred stock and equities. The funds’ portfolio may also include long/short investments in special situations in the crossover, distressed debt and credit derivatives markets.

Note 3: Endowment

The endowment currently includes two donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with the endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

Christel House’s governing body has interpreted the State of Indiana Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Christel House classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by Christel House in a manner consistent with the standard of prudence prescribed by SPMIFA.

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The composition of net assets by type of endowment at December 31, 2015 and 2014, respectively, was:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted	<u>\$ (9)</u>	<u>\$ -</u>	<u>\$ 392</u>	<u>\$ 383</u>

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 217</u>	<u>\$ 213</u>

Changes in endowment net assets for the years ended December 31, 2015 and 2014, respectively, were:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ (4)	\$ -	\$ 217	\$ 213
Net depreciation	-	(5)	-	(5)
Contributions	-	-	175	175
Transfer for underwater funds	<u>(5)</u>	<u>5</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ (9)</u>	<u>\$ -</u>	<u>\$ 392</u>	<u>\$ 383</u>

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ -	\$ -	\$ -	\$ -
Net depreciation	-	(4)	-	(4)
Contributions	-	-	217	217
Transfer for underwater funds	<u>(4)</u>	<u>4</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ (4)</u>	<u>\$ -</u>	<u>\$ 217</u>	<u>\$ 213</u>

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From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level Christel House is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and aggregated \$9 and \$4 at December 31, 2015 and 2014, respectively. This deficiency resulted from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

Christel House has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include donor-restricted endowment funds that Christel House must hold in perpetuity or for donor-specified periods. Under Christel House's policies, endowment assets are invested in a manner that is intended to product results that exceed the distribution rate while assuming a moderate level of investment risk. Christel House expects its endowment funds to provide an average rate of return of approximately 7% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, Christel House relies on a total return strategy in which investment returns are achieved through both yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). Christel House targets a diversified asset allocation that places emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Christel House has a spending policy of appropriating for expenditure each year 4% of its endowment funds' average fair value of the prior four quarters through the year end preceding the year in which expenditure is planned. In establishing this policy, Christel House considered the long-term expected return on its endowment. Accordingly, over the long-term, Christel House expects to grow at an average of 3% annually. This is consistent with Christel House's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 4: Contributions Receivable

	2015		2014
	Temporarily Restricted	Permanently Restricted	Temporarily Restricted
Due within one year	\$ 1,030	\$ 35	\$ 498
Due in one to five years	2,289	105	1,810
	3,319	140	2,308
Discount	(92)	-	(63)
	<u>\$ 3,227</u>	<u>\$ 140</u>	<u>\$ 2,245</u>

Discount rates ranged from .71% to 1.76% for 2015 and 2014.

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Note 5: Rental Property - Christel House Academy

During 2002, Christel House International, Inc. (CHI) acquired and renovated an educational facility, Christel House Academy South. In December 2002, CHI agreed to lease this facility to Christel House Academy, Inc. (Academy). 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. The lease entered into between CHI and the Academy for the Christel House Academy South facility is for a term of 25 years commencing on July 1, 2009.

During 2014, CHI completed construction of Christel House Academy West also located in Indianapolis. Total construction cost was approximately \$11.5 million. Effective August 1, 2014, CHI entered into a 25-year lease with the Academy for this network expansion school.

As discussed more fully in Note 7, CHI issued \$19,000 of bonds to assist in the financing the Christel House Academy South and West facilities.

Future rent payments due from the Academy are shown below. Rent receivable under this lease agreement is \$271 and \$389 as of December 31, 2015 and 2014, respectively. This rent receivable is included in accounts receivable balances.

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

	2015	2014
Buildings	\$ 24,984	\$ 24,960
Land improvements	2,596	2,548
	<u>27,580</u>	<u>27,508</u>
Accumulated depreciation	(4,919)	(4,166)
	<u>22,661</u>	<u>23,342</u>
Land	2,505	2,505
	<u>\$ 25,166</u>	<u>\$ 25,847</u>

Future lease payments due from Christel House Academy, Inc. at December 31, 2015 were:

2016	\$ 1,575
2017	1,575
2018	1,575
2019	1,575
2020	1,575
Thereafter	<u>25,837</u>
	<u>\$ 33,712</u>

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Note 6: Property and Equipment

Christel House's property and equipment are as follows:

	2015	2014
Buildings	\$ 4,740	\$ 5,812
Land	500	563
Leasehold improvements	612	724
Furniture and equipment	1,037	1,149
Computer hardware	1,363	1,365
Books and educational materials	139	149
Motor vehicles	182	224
Works in progress	29	-
	<u>8,602</u>	<u>9,986</u>
Accumulated depreciation	<u>(3,720)</u>	<u>(3,997)</u>
	<u>\$ 4,882</u>	<u>\$ 5,989</u>

On November 3, 2014, Christel House India entered into an agreement with the Naya Raipur Development Authority (NRDA), a special area development authority established by the government of Chhattisgarh, India whereby NRDA will construct a school on government-owned land to be managed and operated by Christel House India. School operations are planned to commence in August 2016. Christel House India will be provided this educational facility at no cost for a term of 20 years with renewal options for additional terms of five years each. Christel House India shall bear financial responsibility for the cost of operating the school.

Note 7: 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 South.

On January 29, 2015, the Indiana Finance Authority issued its \$19 million Variable-Rate Demand Educational Facility Revenue Bonds, Series 2015 (Christel House International, Inc. Project). The proceeds from 2015 Bonds were loaned to CHI for purposes of refunding the 2003 Bonds and funding the construction, installation and equipping of Christel House Academy West.

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Principal on this loan is due annually on March 2 and interest is due monthly on the first day of each month. The bonds bear interest at the initial bank purchase mode through 2025. The interest under the initial bank purchase mode is equal to 70% of the one-month LIBOR plus 90 basis points. At the conclusion of the initial bank purchase mode, it may be converted to a new bank purchase mode term for an additional period of 10 years or any other duration agreed to. The interest rate in effect at December 31, 2015 was 1.07%. The bonds are guaranteed by a “Continuing Guarantee Agreement” through the term of the loan ending January 1, 2035. The guarantor is Christel DeHaan, CHI’s Founder, President and Chief Executive Officer.

Issuance costs in the amount of \$81 were capitalized during 2015 and are being amortized over 10 years. Unamortized bond issue costs on the Series 2003 bonds totaling \$122 at December 31, 2014 were written off during 2015 with the issuance of the Series 2015 bonds. Unamortized issuance costs as of December 31, 2015 and 2014 were \$74 and \$122, respectively.

The future maturities of bonds payable are as follows:

2016	\$	733
2017		752
2018		771
2019		792
2020		813
Thereafter		<u>15,139</u>
	<u>\$</u>	<u>19,000</u>

Interest expense for the years ended December 31, 2015 and 2014 was \$457 and \$12, respectively.

Note 8: Interest Rate Swap

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, Christel House entered into an interest rate swap agreement for its floating rate debt. The agreement provides for Christel House to receive interest from the counterparty equal to 70% of the one-month LIBOR plus 90 basis points and to pay interest to the counterparty at a fixed rate of 2.566% on notional amounts of \$19,000,000 at December 31, 2015. Under the agreement, Christel House pays or receives the net interest amount monthly, with the monthly settlements included in interest expense.

The fair value of the interest rate swap was a liability of \$128 at December 31, 2015 and is included within liabilities on the statement of financial position. Accordingly, Christel House recognized an unrealized loss of \$128 in the Other Gains and Losses section of the statement of financial position.

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Note 9: 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, 2015 and 2014 was \$143 and \$187, respectively. Rent expense is recognized on a straight-line basis.

Future minimum lease payments at December 31, 2015, were:

2016	\$	152
2017		154
2018		155
2019		157
2020		157
Thereafter		161
		<hr/>
	\$	<u>936</u>

Note 10: Line of Credit

In order to finance the building of Christel House Academy West, CHI established a line of credit agreement on October 4, 2013, with a bank in the amount of \$13,000 secured by the organization's investment portfolio held at the same bank. There was \$3,200 in borrowings against this line at December 31, 2014. During 2015, the line of credit was paid off and the line of credit was terminated in February 2015.

Note 11: 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 2015 and 2014, CHI received \$47 and \$18,255, respectively, from Ms. DeHaan.

In 2015 and 2014, CHI expensed \$1,722 and \$1,654, respectively, in payroll related costs that were originally paid by CD Enterprises, Ltd. (CDE), a related party. Included in these expenses was \$103 and \$90 for CHI employer contributions to CDE's 401(k) plan for the years ended December 31, 2015 and 2014, respectively. As of December 31, 2015 and 2014, CHI had an outstanding liability balance of \$343 and \$282, respectively, related to these payroll costs, which is included in accrued payroll and other on the combined and consolidated statements of financial position. Christel DeHaan serves as President of CDE.

Christel House International, Inc. and Affiliates
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As discussed in Note 5, Christel House leases property to the Christel House Academy, Inc., and also provides grants to several affiliates.

Note 12: Net Assets

Temporarily Restricted Net Assets

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

	2015	2014
Contributions restricted for periods after December 31	\$ 30,017	\$ 36,012
Capital projects	936	256
Learning center programs and services	1,763	2,373
Nutritional support	68	99
Special projects	269	276
Other programs	306	130
	<u>\$ 33,359</u>	<u>\$ 39,146</u>

Each year, CHI releases temporarily restricted 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.

Permanently Restricted Net Assets

Christel House maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment account are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the fair value of the pooled investment accounts, as adjusted for additions to or deductions from those accounts.

Invested in perpetuity, the income of which is expendable to support:

	2015	2014
Learning center programs and services	\$ 392	\$ 217

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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.

	<u>2015</u>	<u>2014</u>
Time restrictions	\$ 7,693	\$ 4,045
Capital projects	174	510
Nutritional support	106	400
Learning center programs and services	2,132	1,877
Parent workshops	-	1
Other programs	<u>368</u>	<u>582</u>
	<u>\$ 10,473</u>	<u>\$ 7,415</u>

Note 13: Disclosures About Fair Value of Assets and Liabilities

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

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

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(Amounts in Thousands)

Following is a description of the valuation methodologies and inputs used for assets and liabilities 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 and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2015. 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.

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 reviews 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.

Interest Rate Swap Agreement

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

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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, 2015 and 2014:

	2015			
	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)	
Investments				
Certificates and investment cash	\$ 4,703	\$ 4,703	\$ -	\$ -
Commodities	184	184	-	-
Equities				
North America	8,698	8,698	-	-
International	2,153	2,153	-	-
Government agencies				
North America	1,630	1,128	502	-
Corporate obligations	371	-	371	-
Municipal obligations	359	-	359	-
International equity long/short hedge funds	1,221	-	1,221	-
Distressed debt funds	20	-	-	20
Hedge fund of funds	6,953	-	6,953	-
Multi-asset fund	360	-	360	-
Emerging markets	1,288	-	1,288	-
International commodities	417	-	417	-
Limited partnerships	1,621	-	-	1,621
U.S. real estate	580	-	-	580
Master limited partnership	84	-	84	-
Real estate core property trust	261	-	261	-
Absolute return hedge fund of funds	1,522	-	1,522	-
High yield debt	579	-	579	-
	<u>\$ 33,004</u>	<u>\$ 16,866</u>	<u>\$ 13,917</u>	<u>\$ 2,221</u>
Interest rate swap liability	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128</u>	<u>\$ -</u>

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	2014			
	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	\$ 703	\$ 703	\$ -	\$ -
Investments				
Certificates and investment cash	2,343	2,343	-	-
Commodities	235	235	-	-
Equities				
North America	7,940	7,940	-	-
International	1,886	1,886	-	-
Government agencies				
North America	3,004	2,410	594	-
International	708	708	-	-
Corporate obligations	1,347	-	1,347	-
Municipal obligations	308	-	308	-
International equity long/short hedge funds	1,065	-	1,065	-
Distressed debt funds	172	-	-	172
Hedge fund of funds	6,619	-	6,619	-
Emerging markets	1,481	-	1,481	-
International commodities	586	-	586	-
Limited partnerships	998	-	-	998
U.S. real estate	621	-	-	621
Master limited partnership	88	-	88	-
Real estate core property trust	227	-	227	-
Absolute return hedge fund of funds	1,500	-	1,500	-
Total assets	<u>\$ 31,831</u>	<u>\$ 16,225</u>	<u>\$ 13,815</u>	<u>\$ 1,791</u>

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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		Limited Partnerships		U.S. Real Estate	
	2015	2014	2015	2014	2015	2014
Balance, January 1	\$ 172	\$ 246	\$ 998	\$ 562	\$ 621	\$ 65
Total realized and unrealized gains	-	48	164	86	56	25
Purchases	-	-	459	350	-	531
Sales	(152)	(122)	-	-	(98)	-
Balance, December 31	<u>\$ 20</u>	<u>\$ 172</u>	<u>\$ 1,621</u>	<u>\$ 998</u>	<u>\$ 579</u>	<u>\$ 621</u>

Realized and unrealized gains and losses for items reflected in the table above are included in the other gains and losses section on the combined and consolidated statements of activities.

Unobservable (Level 3) Inputs

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

	Fair Value at		Valuation Technique	Unobservable Inputs	Range (Weighted-Average)
	December 31, 2015	December 31, 2014			
Distressed debt funds	\$ 20	\$ 172	Net Asset Value	Lack of redeemability/liquidity in the following 12 months	n/a
Limited partnerships	1,621	998	Net Asset Value	Lack of redeemability/liquidity in the following 12 months	n/a
U.S. Real Estate	580	621	Net Asset Value	Lack of redeemability/liquidity in the following 12 months	n/a

Note 14: Concentration

Christel House received approximately 1% and 74% of its contribution revenue from the Founder in 2015 and 2014, respectively (see Note 11).

Supplementary Information

Christel House International, Inc. and Affiliates
Combining and Consolidating Statement of Financial Position
December 31, 2015
(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	\$ 3,266	\$ 121	\$ 54	\$ 26	\$ 25	\$ -	\$ 3,492
Temporarily restricted	74	42	3	14	-	-	133
Permanently restricted	35	-	-	-	-	-	35
Investments							
Unrestricted	361	1,207	390	1,052	-	-	3,010
Temporarily restricted	28,551	899	105	222	-	-	29,777
Permanently restricted	217	-	-	-	-	-	217
Accounts receivable	286	-	4	65	-	-	355
Contributions receivable							
Temporarily restricted	1,458	1,175	87	470	37	-	3,227
Permanently restricted	140	-	-	-	-	-	140
Other assets	61	15	90	-	-	-	166
Bond issue costs, net	73	-	-	-	-	-	73
Rental property - Christel House Academy							
Unrestricted	24,944	-	-	-	-	-	24,944
Temporarily restricted	222	-	-	-	-	-	222
Property and equipment	29	1,368	1,195	2,290	-	-	4,882
Total Assets	\$ 59,717	\$ 4,827	\$ 1,928	\$ 4,139	\$ 62	\$ -	\$ 70,673
Liabilities							
Accounts payable	\$ 83	\$ -	\$ 16	\$ 117	\$ -	\$ -	\$ 216
Accrued payroll and other	410	551	86	153	4	-	1,204
Interest rate swap	128	-	-	-	-	-	128
Bonds payable	19,000	-	-	-	-	-	19,000
Total Liabilities	19,621	551	102	270	4	-	20,548
Net Assets							
Unrestricted	9,399	2,160	1,631	3,163	21	-	16,374
Temporarily restricted	30,305	2,116	195	706	37	-	33,359
Permanently restricted	392	-	-	-	-	-	392
Total Net Assets	40,096	4,276	1,826	3,869	58	-	50,125
Total Liabilities and Net Assets	\$ 59,717	\$ 4,827	\$ 1,928	\$ 4,139	\$ 62	\$ -	\$ 70,673

Christel House International, Inc. and Affiliates
Combining and Consolidating Statement of Financial Position
December 31, 2014
(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	\$ 924	\$ 148	\$ 6	\$ 509	\$ 15	\$ -	\$ 1,602
Temporarily restricted	301	55	7	341	20	-	724
Investments							
Unrestricted	4,987	1,372	1	-	-	-	6,360
Temporarily restricted	24,185	271	95	-	-	-	24,551
Permanently restricted	217	-	-	-	-	-	217
Accounts receivable	711	-	2	27	-	-	740
Contributions receivable	1,906	34	181	124	-	-	2,245
Other assets	43	17	83	52	-	-	195
Bond issue costs, net	122	-	-	-	-	-	122
Rental property - Christel House Academy							
Unrestricted	14,134	-	-	-	-	-	14,134
Temporarily restricted	11,713	-	-	-	-	-	11,713
Property and equipment	29	1,628	1,220	3,112	-	-	5,989
Total Assets	\$ 59,272	\$ 3,525	\$ 1,595	\$ 4,165	\$ 35	\$ -	\$ 68,592
Liabilities							
Accounts payable	\$ 371	\$ 5	\$ 10	\$ 148	\$ -	\$ -	\$ 534
Accrued payroll and other	364	187	84	158	26	-	819
Line of credit	3,200	-	-	-	-	-	3,200
Bonds payable	7,325	-	-	-	-	-	7,325
Total Liabilities	11,260	192	94	306	26	-	11,878
Net Assets							
Unrestricted	9,690	2,973	1,218	3,462	8	-	17,351
Temporarily restricted	38,105	360	283	397	1	-	39,146
Permanently restricted	217	-	-	-	-	-	217
Total Net Assets	48,012	3,333	1,501	3,859	9	-	56,714
Total Liabilities and Net Assets	\$ 59,272	\$ 3,525	\$ 1,595	\$ 4,165	\$ 35	\$ -	\$ 68,592

Christel House International, Inc. and Affiliates
Combining and Consolidating Statement of Activities
Year Ended December 31, 2015
(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	\$ 1,822	\$ 2,328	\$ 140	\$ 766	\$ 149	\$ -	\$ 5,205
Direct contributions	101	351	210	248	5	(915)	-
CHI funding	-	1,029	1,083	3,290	91	(5,493)	-
In-kind contributions	277	41	42	531	1	-	892
Special events (net of expenses of \$153)	587	3	53	16	88	-	747
Grants	267	107	531	403	-	-	1,308
Investment income (net of expenses of \$40)	234	33	37	44	-	-	348
Rental income - Christel House Academy	1,951	-	-	-	-	-	1,951
Other	4	25	8	2	-	-	39
Total Revenue, Gains and Other Support	<u>5,243</u>	<u>3,917</u>	<u>2,104</u>	<u>5,300</u>	<u>334</u>	<u>(6,408)</u>	<u>10,490</u>
Expenses							
Program services							
Grants	8,762	3	-	-	202	(6,408)	2,559
Academics	1,924	1,856	1,277	3,499	-	-	8,556
	<u>10,686</u>	<u>1,859</u>	<u>1,277</u>	<u>3,499</u>	<u>202</u>	<u>(6,408)</u>	<u>11,115</u>
Management and general	764	209	135	170	25	-	1,303
Fundraising	1,318	297	256	398	56	-	2,325
Total Expenses	<u>12,768</u>	<u>2,365</u>	<u>1,668</u>	<u>4,067</u>	<u>283</u>	<u>(6,408)</u>	<u>14,743</u>
Change in Net Assets Before Other Gains and Losses	(7,525)	1,552	436	1,233	51	-	(4,253)
Other Gains and Losses							
Realized gain on investments	361	-	-	-	-	-	361
Unrealized loss on investments	(211)	-	-	-	-	-	(211)
Loss on bond refinancing	(413)	-	-	-	-	-	(413)
Unrealized loss on interest rate swap	(128)	-	-	-	-	-	(128)
Foreign currency translation adjustment	-	(609)	(111)	(1,223)	(2)	-	(1,945)
Change in Net Assets	(7,916)	943	325	10	49	-	(6,589)
Net Assets, Beginning of Year	<u>48,012</u>	<u>3,333</u>	<u>1,501</u>	<u>3,859</u>	<u>9</u>	<u>-</u>	<u>56,714</u>
Net Assets, End of Year	<u>\$ 40,096</u>	<u>\$ 4,276</u>	<u>\$ 1,826</u>	<u>\$ 3,869</u>	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ 50,125</u>

Christel House International, Inc. and Affiliates
Combining and Consolidating Statement of Activities
Year Ended December 31, 2014
(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	\$ 19,902	\$ 919	\$ 138	\$ 793	\$ 159	\$ -	\$ 21,911
Direct contributions	92	306	280	313	79	(1,070)	-
CHI funding	-	2,568	463	1,389	60	(4,480)	-
In-kind contributions	326	17	70	156	5	-	574
Special events (net of expenses of \$179)	545	10	26	(1)	79	-	659
Grants	487	74	516	461	5	-	1,543
Investment income (net of expenses of \$39)	600	14	8	62	-	-	684
Rental income - Christel House Academy	1,541	-	-	-	-	-	1,541
Other	8	-	1	5	-	-	14
Total Revenue, Gains and Other Support	<u>23,501</u>	<u>3,908</u>	<u>1,502</u>	<u>3,178</u>	<u>387</u>	<u>(5,550)</u>	<u>26,926</u>
Expenses							
Program services							
Grants	7,006	2	-	-	325	(5,550)	1,783
Academics	1,385	1,895	1,254	3,686	-	-	8,220
	8,391	1,897	1,254	3,686	325	(5,550)	10,003
Management and general	758	191	127	110	34	-	1,220
Fundraising	1,342	379	249	332	58	-	2,360
Total Expenses	<u>10,491</u>	<u>2,467</u>	<u>1,630</u>	<u>4,128</u>	<u>417</u>	<u>(5,550)</u>	<u>13,583</u>
Change in Net Assets Before Other Gains and Losses	13,010	1,441	(128)	(950)	(30)	-	13,343
Other Gains and Losses							
Gain on sale of property	-	-	-	7	-	-	7
Realized gain on investments	1,064	-	-	-	-	-	1,064
Unrealized gain on investments	(975)	-	-	-	-	-	(975)
Foreign currency translation adjustment	-	(332)	(75)	(429)	-	-	(836)
Change in Net Assets	13,099	1,109	(203)	(1,372)	(30)	-	12,603
Net Assets, Beginning 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>
Net Assets, End of Year	<u>\$ 48,012</u>	<u>\$ 3,333</u>	<u>\$ 1,501</u>	<u>\$ 3,859</u>	<u>\$ 9</u>	<u>\$ -</u>	<u>\$ 56,714</u>

Christel House International, Inc. and Affiliates
Combined and Consolidated Statement of Functional Expenses
Year Ended December 31, 2015
(Amounts in Thousands)

	Program Service Expenses			Supporting Services		Total Expenses
	Grants	Academics	Total Program Services	Management and General	Fundraising	
Salaries and benefits	\$ -	\$ 4,578	\$ 4,578	\$ 807	\$ 1,431	\$ 6,816
Direct grants	2,559	-	2,559	-	-	2,559
Outside services	-	208	208	175	99	482
Course materials/supplies	-	477	477	-	-	477
Medicine/laboratories	-	13	13	-	-	13
Nutritional support	-	592	592	-	-	592
Sales and marketing	-	4	4	-	453	457
Travel and entertainment	-	23	23	21	118	162
Vehicle/transportation expense	-	426	426	2	3	431
Rent and facilities	-	516	516	72	83	671
Depreciation and amortization	-	1,175	1,175	11	14	1,200
Interest expense/bond fees	-	467	467	-	-	467
Unrelated business taxes on investments	-	-	-	137	-	137
Other	-	77	77	78	124	279
Total Expenses	\$ 2,559	\$ 8,556	\$ 11,115	\$ 1,303	\$ 2,325	\$ 14,743

Christel House International, Inc. and Affiliates
Combined and Consolidated Statement of Functional Expenses
Year Ended December 31, 2014
(Amounts in Thousands)

	<u>Program Service Expenses</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Grants</u>	<u>Academics</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and benefits	\$ -	\$ 4,453	\$ 4,453	\$ 740	\$ 1,434	\$ 6,627
Direct grants	1,783	-	1,783	-	-	1,783
Outside services	-	262	262	155	173	590
Course materials/supplies	-	543	543	-	-	543
Medicine/laboratories	-	17	17	-	-	17
Nutritional support	-	680	680	-	-	680
Sales and marketing	-	1	1	-	417	418
Travel and entertainment	-	52	52	41	114	207
Vehicle/transportation expense	-	478	478	2	2	482
Rent and facilities	-	531	531	75	97	703
Depreciation and amortization	-	1,018	1,018	23	4	1,045
Interest expense/bond fees	-	96	96	-	-	96
Other	-	89	89	184	119	392
Total Expenses	<u>\$ 1,783</u>	<u>\$ 8,220</u>	<u>\$ 10,003</u>	<u>\$ 1,220</u>	<u>\$ 2,360</u>	<u>\$ 13,583</u>