

# **Christel House International, Inc. and Affiliates**

Independent Auditor's Report and Combined  
and Consolidated Financial Statements

December 31, 2019 and 2018

# Christel House International, Inc. and Affiliates

December 31, 2019 and 2018

## Contents

<b>Independent Auditor’s Report on Combined and Consolidated Financial Statements and Supplementary Information.....</b>	<b>1</b>
--	----------

### **Combined and Consolidated Financial Statements**

Statement of Financial Position.....	3
Statement of Activities .....	4-5
Statement of Functional Expenses.....	6-7
Statement of Cash Flows .....	8
Notes to Financial Statements .....	9-30

### **Supplementary Information**

Combining and Consolidating Statement of Financial Position.....	31
Combining and Consolidating Statement of Activities.....	33

## 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, 2019 and 2018, and the related combined and consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined and consolidated 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, 2019 and 2018, 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  
October 6, 2020

**Christel House International, Inc. and Affiliates**  
**Combined and Consolidated Statement of Financial Position**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Cash and cash equivalents		
Without donor restriction	\$ 2,884	\$ 6,533
With donor restriction	6,612	2,909
Total cash and cash equivalents	9,496	9,442
Investments		
Without donor restriction	7,966	6,113
With donor restriction	43,334	37,149
Total investments	51,300	43,262
Accounts receivable	188	42
Contributions receivable with donor restriction	1,366	1,403
Other assets	299	285
Interest rate swap	-	371
Rental property - Christel House Academy		
Without donor restriction	21,925	22,680
With donor restriction	222	222
Property and equipment	6,832	5,368
<b>Total Assets</b>	<b>\$ 91,628</b>	<b>\$ 83,075</b>
<b>Liabilities</b>		
Accounts payable	\$ 235	\$ 185
Accrued payroll and other		
Without donor restriction	1,494	1,185
With donor restriction	44	7
Interest rate swap	230	-
Bonds payable, net of bond issue costs	15,910	16,694
<b>Total Liabilities</b>	17,913	18,071
<b>Net Assets</b>		
Without donor restriction	22,225	23,328
With donor restriction	51,490	41,676
<b>Total Net Assets</b>	73,715	65,004
<b>Total Liabilities and Net Assets</b>	<b>\$ 91,628</b>	<b>\$ 83,075</b>

**Christel House International, Inc. and Affiliates**  
**Combined and Consolidated Statement of Activities**  
**Years Ended December 31, 2019 and 2018**  
**(Amounts in Thousands)**

	<b>2019</b>		<b>Total</b>
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	
<b>Revenue, Gains and Other Support</b>			
Contributions	\$ 1,728	\$ 2,656	\$ 4,384
Supporting organization funding	-	11,000	11,000
In-kind contributions	541	96	637
Special events (net of expenses of \$110 and \$176)	728	277	1,005
Grant income	710	777	1,487
Investment income	994	27	1,021
Rental income - Christel House Academy	1,957	-	1,957
Other	47	-	47
	<u>6,705</u>	<u>14,833</u>	<u>21,538</u>
Net assets released from restrictions	5,096	(5,096)	-
<b>Total Revenue, Gains and Other Support</b>	<u>11,801</u>	<u>9,737</u>	<u>21,538</u>
<b>Expenses</b>			
Program services			
Grants	2,794	-	2,794
Academics	11,631	-	11,631
	<u>14,425</u>	<u>-</u>	<u>14,425</u>
Management and general	1,574	-	1,574
Fundraising	2,424	-	2,424
<b>Total Expenses</b>	<u>18,423</u>	<u>-</u>	<u>18,423</u>
<b>Change in Net Assets Before Other Gains and Losses</b>	(6,622)	9,737	3,115
<b>Other Gains and Losses</b>			
Gain (loss) on sale of property	(1)	-	(1)
Realized gain on investments	1,365	15	1,380
Unrealized gain (loss) on investments	4,628	62	4,690
Unrealized gain (loss) on interest rate swap	(601)	-	(601)
Foreign currency translation adjustment	128	-	128
	<u>128</u>	<u>-</u>	<u>128</u>
<b>Change in Net Assets</b>	(1,103)	9,814	8,711
<b>Net Assets, Beginning of Year</b>	<u>23,328</u>	<u>41,676</u>	<u>65,004</u>
<b>Net Assets, End of Year</b>	<u>\$ 22,225</u>	<u>\$ 51,490</u>	<u>\$ 73,715</u>

<b>2018</b>		
<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
\$ 1,467	\$ 1,548	\$ 3,015
-	11,265	11,265
313	181	494
785	308	1,093
686	545	1,231
731	39	770
1,957	-	1,957
45	3	48
<u>5,984</u>	<u>13,889</u>	<u>19,873</u>
<u>11,734</u>	<u>(11,734)</u>	<u>-</u>
<u>17,718</u>	<u>2,155</u>	<u>19,873</u>
1,363	-	1,363
<u>11,099</u>	<u>-</u>	<u>11,099</u>
12,462	-	12,462
1,393	-	1,393
<u>2,279</u>	<u>-</u>	<u>2,279</u>
<u>16,134</u>	<u>-</u>	<u>16,134</u>
1,584	2,155	3,739
2	-	2
884	4	888
(871)	(19)	(890)
234	-	234
<u>(733)</u>	<u>-</u>	<u>(733)</u>
1,100	2,140	3,240
<u>22,228</u>	<u>39,536</u>	<u>61,764</u>
<u>\$ 23,328</u>	<u>\$ 41,676</u>	<u>\$ 65,004</u>

**Christel House International, Inc. and Affiliates**  
**Combining and Consolidating Statement of Functional Expenses**  
**Year Ended December 31, 2019**  
**(Amounts in Thousands)**

	Program Service Expenses			Supporting Services		Total Expenses
	Grants	Academics	Total Program Services	Management and General	Fundraising	
Salaries and benefits	\$ -	\$ 6,315	\$ 6,315	\$ 1,059	\$ 1,717	\$ 9,091
Direct grants	2,794	-	2,794	-	-	2,794
Outside services	-	371	371	187	198	756
Course materials/supplies	-	669	669	-	2	671
Medicine/laboratories	-	16	16	-	-	16
Nutritional support	-	706	706	-	-	706
Sales and marketing	-	13	13	-	251	264
Travel and entertainment	-	65	65	78	48	191
Vehicle/transportation expense	-	547	547	2	2	551
Rent and facilities	-	1,027	1,027	107	105	1,239
Depreciation and amortization	-	1,400	1,400	16	4	1,420
Interest expense/bond fees	-	417	417	-	-	417
Unrelated business taxes on investments	-	-	-	7	-	7
Other	-	85	85	118	97	300
<b>Total Expenses</b>	<b>\$ 2,794</b>	<b>\$ 11,631</b>	<b>\$ 14,425</b>	<b>\$ 1,574</b>	<b>\$ 2,424</b>	<b>\$ 18,423</b>



**Christel House International, Inc. and Affiliates**  
**Combining and Consolidating Statement of Functional Expenses**  
**Year Ended December 31, 2018**  
**(Amounts in Thousands)**

	Program Service Expenses			Supporting Services		Total Expenses
	Grants	Academics	Total Program Services	Management and General	Fundraising	
Salaries and benefits	\$ -	\$ 5,726	\$ 5,726	\$ 945	\$ 1,392	\$ 8,063
Direct grants	1,363	-	1,363	-	-	1,363
Outside services	-	374	374	176	238	788
Course materials/supplies	-	604	604	2	-	606
Medicine/laboratories	-	15	15	-	-	15
Nutritional support	-	754	754	-	-	754
Sales and marketing	-	4	4	-	339	343
Travel and entertainment	-	57	57	23	89	169
Vehicle/transportation expense	-	541	541	1	1	543
Rent and facilities	-	1,034	1,034	104	103	1,241
Depreciation and amortization	-	1,462	1,462	17	3	1,482
Interest expense/bond fees	-	437	437	-	-	437
Unrelated business taxes on investments	-	-	-	14	-	14
Other	-	91	91	111	114	316
<b>Total Expenses</b>	<b>\$ 1,363</b>	<b>\$ 11,099</b>	<b>\$ 12,462</b>	<b>\$ 1,393</b>	<b>\$ 2,279</b>	<b>\$ 16,134</b>

**Christel House International, Inc. and Affiliates**  
**Combined and Consolidated Statement of Cash Flows**  
**Years Ended December 31, 2019 and 2018**  
**(Amounts in Thousands)**

	<b>2019</b>	<b>2018</b>
<b>Operating Activities</b>		
Change in net assets	\$ 8,711	\$ 3,240
Items not requiring (providing) cash		
Depreciation	1,412	1,474
Amortization of bond issue costs	8	8
Foreign currency translation adjustment	(128)	733
Realized gain on investments	(1,380)	(888)
Unrealized (gain) loss on investments	(4,690)	890
Unrealized (gain) loss on interest rate swap	601	(234)
(Gain) loss on sale of property	1	(2)
Changes in		
Accounts receivable	(146)	6
Contributions receivable	37	491
Other assets	(14)	33
Accounts payable	50	(17)
Accrued payroll and other	346	(195)
<b>Net Cash Provided by Operating Activities</b>	4,808	5,539
<b>Investing Activities</b>		
Purchase of investments	(9,673)	(4,343)
Proceeds from sale of investments	7,705	3,892
Purchase of rental property and property and equipment	(2,137)	(735)
<b>Net Cash Used in Investing Activities</b>	(4,105)	(1,186)
<b>Financing Activity - bond principal payments</b>	(792)	(772)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	143	(221)
<b>Net Increase in Cash and Cash Equivalents</b>	54	3,360
<b>Cash and Cash Equivalents, Beginning of Year</b>	9,442	6,082
<b>Cash and Cash Equivalents, End of Year</b>	\$ 9,496	\$ 9,442
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ 417	\$ 437

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(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 over 5,300 children worldwide. As described in Note 6, Christel House is in the process of constructing a learning Center in Jamaica and anticipates to open for operations in September 2020. 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 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. and Affiliates

## Notes to Combined and Consolidated Financial Statements

### December 31, 2019 and 2018

#### (Amounts in Thousands)

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 Jamaica

Christel House India operates learning centers in Bengaluru (formerly Bangalore) and Atal Nagar, India.

Each of the entities is a separately incorporated not-for-profit organization and is governed by a board of directors within its respective country. CHI has an economic interest in all of these entities and has control over the 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 Academy West and Christel House DORS. The financial information related to the Academy is 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, 2019 and 2018, cash equivalents consisted primarily of money market funds.

For purposes of the combined and consolidated statement of cash flows, certificates and investment cash included within investment accounts are not considered to be cash equivalents.

At December 31, 2019, CHI's cash accounts exceeded federally insured limits by approximately \$7,337. Additionally, at December 31, 2019, funds held outside the United States were \$1,353 and are not insured by the FDIC.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at fair value. Investments in private equity funds and hedge funds are recorded at net asset value (NAV), as a practical expedient, to determine fair value of the investments. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

Investment return that is initially restricted by donor stipulation is reported as with donor restriction return and net assets. When the donor stipulation is met, with donor restrictions net assets are reclassified to without donor restrictions 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 statement of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

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

***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:

	<b>Years</b>
Buildings	30 - 40
Leasehold improvements	10 - 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, 2019 and 2018.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

**Net Assets**

Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Net assets without donor restrictions are available for use in general operations. Net assets with donor restrictions are subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Contributions**

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

Contributions are provided to Christel House either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on Christel House overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

***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. Christel House India (Atal Nagar) and Christel House Jamaica receive use of land and/or facilities as part of a below market, long-term lease arrangements, the value of these arrangements is not reflected in the combined and consolidated financial statements due to immateriality.

***Grant Making***

Unconditional grants to support learning centers are recognized as expenses in the period approved.

***Transfers Between Fair Value Hierarchy Levels***

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(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 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 statement of financial position date. Revenues and expenses are translated at the average exchange rate during the year.

***Income Taxes***

Christel House International, Inc., a public charity, 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. For Christel House International, Inc., the tax years still subject to examination by taxing authorities in the United States are years subsequent to 2015.

***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 statement of activities. Certain costs have been allocated among the grants, academic programs and other program services, management and general, and fund raising categories based upon actual expenditures and cost allocations estimated by Christel House personnel.

***Subsequent Events***

Subsequent events have been evaluated through October 6, 2020, which is the date the combined and consolidated financial statements were available to be issued.



**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

**Note 2: Investments and Investment Return**

Investments are as follows:

	<b>2019</b>	<b>2018</b>
Certificates and investment cash	\$ 2,682	\$ 3,772
Commodities	70	204
Equities		
North America	10,427	8,596
International	3,799	2,964
Government agencies		
North America	114	96
International	4,878	2,977
Corporate obligations	76	35
Alternative investments	29,254	24,618
	<u>\$ 51,300</u>	<u>\$ 43,262</u>

Christel House invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

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

	<b>2019</b>	<b>2018</b>
Investment income	\$ 1,021	\$ 770
Net realized gains	1,380	888
Net unrealized gains (losses)	4,690	(890)
	<u>4,690</u>	<u>(890)</u>
Total return on investments	<u>\$ 7,091</u>	<u>\$ 768</u>

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

**Alternative Investments**

Alternative investments held at December 31, 2019 and 2018 consist of the following:

	<b>2019</b>		
	<b>Fair Value</b>	<b>Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
Fixed income (A)	\$ 210	Daily - Quarterly	0-45 days
International equity (B)	1,609	Monthly	30 days
Real assets (C)	672	Monthly - Quarterly	30-45 days
Private equity/partnerships (D)	14,675	Not eligible	N/A
Hedge funds (E)	<u>12,088</u>	Monthly - Semi Annually	30-100 days
Total alternative investments	<u>\$ 29,254</u>		

	<b>2018</b>		
	<b>Fair Value</b>	<b>Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
Fixed income (A)	\$ 387	Daily - Quarterly	0-45 days
International equity (B)	1,449	Monthly	30 days
Real assets (C)	724	Monthly - Quarterly	30-45 days
Private equity/partnerships (D)	10,806	Not eligible	N/A
Hedge funds (E)	<u>11,252</u>	Monthly - Semi Annually	30-100 days
Total alternative investments	<u>\$ 24,618</u>		

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

Unfunded commitments for private equity/partnerships totaled approximately \$6,418 and \$11,853 at December 31, 2019 and 2018, respectively.

- (A) This category includes investments in emerging market debt, US high yield debt and money market instruments. Investments in this category are open-ended in duration but can be redeemed for liquidity, rebalancing or other needs of Christel House.
- (B) This category includes investments in high quality emerging market companies. Investments in this category are open-ended in duration but can be redeemed for liquidity, rebalancing or other needs of Christel House.
- (C) This category includes multiple real assets including a diversified open-end real estate fund, master limited partnership (MLP) and investments in liquid and illiquid commodity markets focused on energy, metals and agriculture. Investments in this category are open-ended in duration but can be redeemed for liquidity, rebalancing or other needs of Christel House.
- (D) This category includes limited partnership structured investments ranging from short-term bridge loans, floating rate senior debt loans, private equity buyout, secondary private equity funds, private credit/distressed funds and fund-of-funds. These investments typically have a life of 10 to 12 years and cannot be redeemed. Distributions from each fund will be made as the underlying investments in the funds are liquidated or debts are repaid.
- (E) This category includes investments in hedge funds and fund of funds that use long and short positions, leverage, variable levels of net exposure, investments in illiquid private placements that are not readily marketable and use of derivative instruments within all asset classes. These funds invest in securities traded on domestic, foreign and over-the-counter exchanges as well as securities for which there is no public market. Investments in this category are open-ended in duration but can be redeemed for liquidity, rebalancing or other needs of Christel House.

**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 International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

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 net assets with donor restrictions (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 net assets with donor restrictions until those amounts are appropriated for expenditure by Christel House in a manner consistent with the standard of prudence prescribed by SPMIFA.

The composition of net assets by type of endowment at December 31, 2019 and 2018, respectively, was:

	<b>2019</b>	<b>2018</b>
	<b>With Donor Restriction</b>	<b>With Donor Restriction</b>
Donor-restricted not held in perpetuity	\$ 67	\$ 17
Donor-restricted held in perpetuity	<u>415</u>	<u>415</u>
Total endowment funds	<u><u>\$ 482</u></u>	<u><u>\$ 432</u></u>

Changes in endowment net assets for the years ended December 31, 2019 and 2018, respectively, were:

	<b>2019</b>	<b>2018</b>
	<b>With Donor Restriction</b>	<b>With Donor Restriction</b>
Endowment net assets, beginning of year	\$ 432	\$ 465
Investment income	14	15
Net appreciation (depreciation)	47	(37)
Withdrawal per spending policy	<u>(11)</u>	<u>(11)</u>
Endowment net assets, end of year	<u><u>\$ 482</u></u>	<u><u>\$ 432</u></u>

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

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 net assets with donor restriction. At December 31, 2019 and 2018, a foreign endowment fell slightly below the prior year value due to currency exchange rates. The amount in local currency did not fall below the perpetual balance. At December 31, 2019 and 2018, the fund had an original gift value of \$23, a reported fair value of \$20 and \$22 and was underwater by \$3 and \$1, respectively.

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 produce 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.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

**Note 4: Contributions Receivable**

	<b>2019</b>	<b>2018</b>
	<b>With Donor Restriction</b>	<b>With Donor Restriction</b>
Due within one year	\$ 750	\$ 1,108
Due in one to five years	642	299
	1,392	1,407
Discount	(26)	(4)
	\$ 1,366	\$ 1,403

Discount rates ranged 1.49% to 2.65% for 2019 and 2018.

**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 and others. 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 2015, CHI completed construction of a Christel House Academy West also located in Indianapolis. Total construction cost was approximately \$11,500. 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 of \$131 existed at December 31, 2019, while no rent receivable existed at December 31, 2018.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

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

	<b>2019</b>	<b>2018</b>
Buildings	\$ 24,984	\$ 24,984
Land improvements	2,596	2,596
	<u>27,580</u>	<u>27,580</u>
Accumulated depreciation	(7,938)	(7,183)
	<u>19,642</u>	<u>20,397</u>
Land	2,505	2,505
	<u>\$ 22,147</u>	<u>\$ 22,902</u>

Future lease payments due from Christel House Academy, Inc. at December 31, 2019 were:

2020	\$ 1,575
2021	1,575
2022	1,575
2023	1,575
2024	1,575
Thereafter	<u>19,537</u>
	<u>\$ 27,412</u>

**Note 6: Property and Equipment**

Christel House's property and equipment is as follows:

	<b>2019</b>	<b>2018</b>
Buildings	\$ 3,714	\$ 3,694
Land	185	201
Leasehold improvements	1,409	1,325
Furniture and equipment	1,322	1,313
Computer hardware and software	2,178	1,949
Books and educational materials	90	98
Motor vehicles	299	319
Work in progress	<u>2,089</u>	<u>383</u>
	11,286	9,282
Accumulated depreciation	<u>(4,454)</u>	<u>(3,914)</u>
	<u>\$ 6,832</u>	<u>\$ 5,368</u>

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

On June 18, 2019, Christel House Jamaica executed a contract in the amount of \$4.8 million for the construction of Phase 1 of a new learning center located in Spanish Town, Jamaica. Phase 1 includes classrooms for grades kindergarten through six as well as the center’s common areas (e.g. cafeteria, library, assembly, administrative and other buildings). Christel House Jamaica is planned to open for operations in September 2020. During 2019 and 2018, \$1,520 and \$521 were dispersed under this contract, respectively. As of December 31, 2019, remaining future commitments are approximately \$2,717.

**Note 7: Bonds Payable**

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.

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 of any other duration agreed to. The interest rate in effect at December 31, 2019 was 2.08%. 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.

Issuance costs in the amount of \$81 were capitalized during 2015 and are being amortized over 10 years. Unamortized issuance costs as of December 31, 2019 and 2018 were \$40 and \$49, respectively and are included in bonds payable.

The future maturities of bonds payable are as follows:

2020	\$	813
2021		835
2022		857
2023		880
2024		903
Thereafter		11,662
		<u>15,950</u>
Unamortized bond issuance costs		(40)
	<u>\$</u>	<u>15,910</u>



**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

**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 debt rate. 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. 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 swap rate was a liability of \$230 at December 31, 2019 and an asset of \$371 at December 31, 2018. Accordingly, Christel House recognized an unrealized loss of \$601 in 2019 and a gain of \$234 in 2018, which is included in the other gains and losses section of the combined and consolidated statement of activities.

**Note 9: Leases**

Christel House has a noncancellable operating lease for office space, which expires on December 31, 2021. Christel House is required to pay all executory costs (property taxes, maintenance and insurance), the lease includes an option to terminate the lease provided Christel House pays a termination fee at least 30 days prior to termination.

On April 15, 2016, CHMX entered into a lease arrangement for a school facility in Mexico City. This facility allowed CHMX to relocate its existing grades 1 through 9 and add grades 10 through 12, expanding one grade annually. The lease has an initial term of five years with an option to extend for an additional five-year term.

On June 21, 2018, CHJ entered into a 99-year lease on approximately 12.5 acres of land on which CHJ will construct and operate the learning center. The annual lease cost is de minimis.

Rent expense for the years ended December 31, 2019 and 2018 was \$550 and \$511, respectively. Rent expense is recognized on a straight-line basis

Future minimum lease payments at December 31, 2019, were:

2020	\$	465
2021		227
	\$	692

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

**Note 10: Related Party Transactions**

Endless Success Foundation, Inc. (“ESF”) was founded by Christel DeHaan, CHI’s Founder, in January 2015. ESF exists as a supporting organization for the benefit of Christel House International, Inc. and other organizations. ESF contributed \$11,000 and \$11,265, respectively, to Christel House for the years ending December 31, 2019 and 2018. Additionally, during 2019 and 2018, Christel House received \$58 and \$62, respectively, in contributions from Ms. DeHaan.

In 2019 and 2018, Christel House expensed \$2,748 and \$2,084, respectively, in payroll related costs that were originally paid by CD Enterprises, Ltd. (CDE), a related party. Included in these expenses was \$132 and \$123 for CHI employer contributions to CDE’s 401(k) plan for the year ended December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, CHI had an outstanding liability balance of \$508 and \$408, respectively, related to these payroll costs, which is included in accrued payroll and other on the Combined and Consolidated Statement of Financial Position.

As discussed in Note 5, Christel House leases property to the Christel House Academy, Inc., and also provides grants to several affiliated learning centers.

**Note 11: Net Assets**

***Net Assets With Donor Restrictions***

Net assets with donor restrictions are available for the following purposes or periods:

	<b>2019</b>	<b>2018</b>
Capital projects	\$ 308	\$ 297
Learning center programs and services	1,256	1,064
Nutritional support	21	129
Special projects	295	254
Other programs	180	307
	<u>2,060</u>	<u>2,051</u>
Subject to the passage of time		
Time restricted pledges and Founder funding	48,948	39,193
Endowments		
Earnings restricted by donors to learning center programs	67	17
Original gift held in perpetuity	415	415
	<u>482</u>	<u>432</u>
	<u>\$ 51,490</u>	<u>\$ 41,676</u>

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

Each year, Christel House releases Endless Success Foundation, Inc. (ESF) and Founder donor 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 and certain capital additions. One hundred percent of the contributions received from donors other than ESF and the Founder are solely applied to programs and services benefiting the students 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.

	<u>2019</u>	<u>2018</u>
Satisfaction for specified purpose restrictions		
Capital projects	\$ 104	\$ 261
Learning center programs and services	1,991	2,021
Nutritional support	232	241
Other programs	439	524
	<u>2,766</u>	<u>3,047</u>
Expiration of time restrictions		
Time restricted pledges and Founder funding	2,319	8,676
Endowments		
Earnings restricted by donors to learning center programs	11	11
	<u>11</u>	<u>11</u>
Net assets released from restriction at December 31	<u>\$ 5,096</u>	<u>\$ 11,734</u>

**Note 12: Liquidity and Availability**

Christel House receives significant contributions from donors to fund its programs and services. Additionally, as more fully described in the Related Party Note (Note 10), CHI's Founder established a supporting organization, Endless Success Foundation, Inc. (ESF), in January 2015. While donors' contributions fund programs and services, Founder funding through ESF funds general, administrative and fundraising expenses as well as operating shortfalls and certain capital needs of Christel House.

Christel House has budgeted 2020 cash needs for expenditures at approximately \$19,800.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

As of December 31, 2019, Christel House has unrestricted financial assets available within one year to meet the organization’s needs for general expenditures as follows:

	<b>2019</b>	<b>2018</b>
Financial assets		
Cash	\$ 2,884	\$ 6,533
Investments	7,966	6,113
Accounts receivable	188	42
Financial assets available to meet cash needs within one year	\$ 11,038	\$ 12,688

These financial assets are not subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of December 31, 2019.

In addition to the financial assets above, subsequent to year-end, ESF approved 2020 funding to Christel House in the amount of approximately \$14,200. This funding is budgeted to be received in installments throughout 2020.

**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**

### **December 31, 2019 and 2018**

#### **(Amounts in Thousands)**

Following is a description of the valuation methodologies and input 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, 2019.

#### ***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. Christel House currently does not have any Level 3 investments.

#### ***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 with Level 2 of the valuation hierarchy.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

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, 2019 and 2018:

	2019				
	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 Measured at NAV <sup>(A)</sup>	
Cash equivalents					
Money market mutual funds	\$ 7,496	\$ 7,496	\$ -	\$ -	\$ -
Investments					
Certificates and investment cash	2,682	2,682	-	-	-
Commodities	70	70	-	-	-
Equities					
North America	10,427	10,427	-	-	-
International	3,799	3,799	-	-	-
Government agencies					
North America	114	114	-	-	-
International	4,878	4,878	-	-	-
Corporate obligations	76	-	76	-	-
Alternative investments					
Fixed income	210	-	22	-	188
International equity	1,609	-	-	-	1,609
Real assets	672	-	-	-	672
Private equity/partnerships	14,675	-	-	-	14,675
Hedge funds	12,088	-	-	-	12,088
Total investments	<u>51,300</u>	<u>21,970</u>	<u>98</u>	<u>-</u>	<u>29,232</u>
Total assets	<u>\$ 58,796</u>	<u>\$ 29,466</u>	<u>\$ 98</u>	<u>\$ -</u>	<u>\$ 29,232</u>
Liabilities					
Interest rate swap	<u>\$ 230</u>	<u>\$ -</u>	<u>\$ 230</u>	<u>\$ -</u>	<u>\$ -</u>

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

	2018				
	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 Measured at NAV <sup>(A)</sup>
Cash equivalents					
Money market mutual funds	\$ 7,528	\$ 7,528	\$ -	\$ -	\$ -
Investments					
Certificates and investment cash	3,772	3,772	-	-	-
Commodities	204	204	-	-	-
Equities					
North America	8,596	8,596	-	-	-
International	2,964	2,964	-	-	-
Government agencies					
North America	96	96	-	-	-
International	2,977	2,977	-	-	-
Corporate obligations	35	-	35	-	-
Alternative investments					
Fixed income	387	-	218	-	169
International equity	1,449	-	-	-	1,449
Real assets	724	-	-	-	724
Private equity/partnerships	10,806	-	-	-	10,806
Hedge funds	11,252	-	-	-	11,252
Total investments	<u>43,262</u>	<u>18,609</u>	<u>253</u>	<u>-</u>	<u>24,400</u>
Interest rate swap	<u>371</u>	<u>-</u>	<u>371</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 51,161</u>	<u>\$ 26,137</u>	<u>\$ 624</u>	<u>\$ -</u>	<u>\$ 24,400</u>

(A) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified within a level in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

**Note 14: Concentrations**

Christel House received approximately 60% and 66% of its contribution revenue from ESF in 2019 and 2018, respectively (see Note 10).

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2019 and 2018**  
**(Amounts in Thousands)**

**Note 15: Other Discrete Event**

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of Christel House. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.



## **Supplementary Information**

**Christel House International, Inc. and Affiliates**  
**Combining and Consolidating Statement of Financial Position**  
**December 31, 2019**  
**(Amounts in Thousands)**

	Christel House International, Inc.	Christel House de Mexico, A.C.	Christel House India		Christel House South Africa	Christel House Jamaica	Christel House Europe	Eliminations	Total
			Christel House Bangalore	Christel House Atal Nagar					
<b>Assets</b>									
Cash and cash equivalents									
Without donor restriction	\$ 2,276	\$ 95	\$ 129	\$ 19	\$ 60	\$ 229	\$ 76	\$ -	\$ 2,884
With donor restriction	5,867	459	14	-	219	-	53	-	6,612
Investments									
Without donor restriction	-	6,379	287	73	1,227	-	-	-	7,966
With donor restriction	42,631	325	194	-	184	-	-	-	43,334
Accounts receivable	148	5	21	1	27	7	-	(21)	188
Contributions receivable, with donor restriction	985	-	-	-	361	-	20	-	1,366
Other assets									
Without donor restrictions	75	58	84	13	136	-	-	(67)	299
With donor restrictions	-	-	-	-	11	-	-	(11)	-
Rental property - Christel House Academy									
Without donor restriction	21,925	-	-	-	-	-	-	-	21,925
With donor restriction	222	-	-	-	-	-	-	-	222
Property and equipment	24	684	1,024	141	2,874	2,085	-	-	6,832
<b>Total Assets</b>	<b>\$ 74,153</b>	<b>8,005</b>	<b>1,753</b>	<b>247</b>	<b>5,099</b>	<b>2,321</b>	<b>149</b>	<b>(99)</b>	<b>91,628</b>
<b>Liabilities</b>									
Accounts payable	\$ 165	\$ 4	\$ 41	\$ 22	\$ 23	\$ 1	\$ -	\$ (21)	\$ 235
Accrued payroll and other									
Without donor restriction	506	366	134	21	469	-	65	(67)	1,494
With donor restriction	-	-	-	-	-	-	55	(11)	44
Interest rate swap liability	230	-	-	-	-	-	-	-	230
Bonds payable, net of bond issue costs	15,910	-	-	-	-	-	-	-	15,910
<b>Total Liabilities</b>	<b>16,811</b>	<b>370</b>	<b>175</b>	<b>43</b>	<b>492</b>	<b>1</b>	<b>120</b>	<b>(99)</b>	<b>17,913</b>
<b>Net Assets</b>									
Without donor restriction	7,637	6,851	1,370	204	3,833	2,320	10	-	22,225
With donor restriction	49,705	784	208	-	774	-	19	-	51,490
<b>Total Net Assets</b>	<b>57,342</b>	<b>7,635</b>	<b>1,578</b>	<b>204</b>	<b>4,607</b>	<b>2,320</b>	<b>29</b>	<b>-</b>	<b>73,715</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 74,153</b>	<b>\$ 8,005</b>	<b>\$ 1,753</b>	<b>\$ 247</b>	<b>\$ 5,099</b>	<b>\$ 2,321</b>	<b>\$ 149</b>	<b>\$ (99)</b>	<b>\$ 91,628</b>

**Christel House International, Inc. and Affiliates**  
**Combining and Consolidating Statement of Financial Position**  
**December 31, 2018**  
**(Amounts in Thousands)**

	Christel House International, Inc.	Christel House de Mexico, A.C.	Christel House India		Christel House South Africa	Christel House Jamaica	Christel House Europe	Eliminations	Total
			Christel House Bangalore	Christel House Atal Nagar					
<b>Assets</b>									
Cash and cash equivalents									
Without donor restriction	\$ 5,690	\$ 106	\$ 137	\$ 6	\$ 97	\$ 149	\$ 28	\$ 320	\$ 6,533
With donor restriction	2,652	-	8	-	242	-	7	-	2,909
Investments									
Without donor restriction	-	5,135	93	40	845	-	-	-	6,113
With donor restriction	36,422	282	244	25	176	-	-	-	37,149
Accounts receivable	6	326	37	-	30	-	-	(357)	42
Contributions receivable, with donor restriction	678	-	186	-	500	-	39	-	1,403
Other assets	93	44	89	13	46	-	-	-	285
Interest rate swap	371	-	-	-	-	-	-	-	371
Rental property									
Without donor restriction	22,680	-	-	-	-	-	-	-	22,680
With donor restriction	222	-	-	-	-	-	-	-	222
Property and equipment	28	767	1,177	176	2,837	383	-	-	5,368
<b>Total Assets</b>	<b>\$ 68,842</b>	<b>\$ 6,660</b>	<b>\$ 1,971</b>	<b>\$ 260</b>	<b>\$ 4,773</b>	<b>\$ 532</b>	<b>\$ 74</b>	<b>\$ (37)</b>	<b>\$ 83,075</b>
<b>Liabilities</b>									
Accounts payable	\$ 132	\$ 18	\$ 13	\$ 37	\$ 22	\$ -	\$ -	\$ (37)	\$ 185
Accrued payroll and other									
Without donor restriction	440	292	136	18	294	-	5	-	1,185
With donor restriction	-	-	-	-	-	-	7	-	7
Bonds payable, net of bond issue costs	16,694	-	-	-	-	-	-	-	16,694
<b>Total Liabilities</b>	<b>17,266</b>	<b>310</b>	<b>149</b>	<b>55</b>	<b>316</b>	<b>-</b>	<b>12</b>	<b>(37)</b>	<b>18,071</b>
<b>Net Assets</b>									
Without donor restriction	11,602	6,068	1,384	180	3,539	532	23	-	23,328
With donor restriction	39,974	282	438	25	918	-	39	-	41,676
<b>Total Net Assets</b>	<b>51,576</b>	<b>6,350</b>	<b>1,822</b>	<b>205</b>	<b>4,457</b>	<b>532</b>	<b>62</b>	<b>-</b>	<b>65,004</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 68,842</b>	<b>\$ 6,660</b>	<b>\$ 1,971</b>	<b>\$ 260</b>	<b>\$ 4,773</b>	<b>\$ 532</b>	<b>\$ 74</b>	<b>\$ (37)</b>	<b>\$ 83,075</b>

**Christel House International, Inc. and Affiliates**  
**Combining and Consolidating Statement of Activities**  
**Year Ended December 31, 2019**  
**(Amounts in Thousands)**

	Christel House International, Inc.	Christel House de Mexico, A.C.	Christel House India		Christel House South Africa	Christel House Jamaica	Christel House Europe	Eliminations	Total
			Christel House Bangalore	Christel House Atal Nagar					
<b>Revenue, Gains and Other Support</b>									
Contributions	\$ 1,961	\$ 1,930	\$ 58	\$ -	\$ 317	\$ 7	\$ 111	\$ -	\$ 4,384
Supporting organization funding	11,000	-	-	-	-	-	-	-	11,000
Direct contributions	58	87	125	-	150	37	13	(470)	-
CHI funding	-	1,612	991	581	3,171	1,796	19	(8,170)	-
In-kind contributions	266	15	15	-	339	-	2	-	637
Special events	880	9	57	-	15	-	44	-	1,005
Grants	-	29	836	-	622	-	-	-	1,487
Investment income	930	-	27	4	60	-	-	-	1,021
Rental income - Christel House Academy	1,957	-	-	-	-	-	-	-	1,957
Other	4	35	-	-	8	-	-	-	47
<b>Total Revenue, Gains and Other Support</b>	<b>17,056</b>	<b>3,717</b>	<b>2,109</b>	<b>585</b>	<b>4,682</b>	<b>1,840</b>	<b>189</b>	<b>(8,640)</b>	<b>21,538</b>
<b>Expenses</b>									
Program services									
Grants	11,241	-	-	-	-	-	193	(8,640)	2,794
Academics	2,571	2,786	1,677	527	4,010	60	-	-	11,631
	13,812	2,786	1,677	527	4,010	60	193	(8,640)	14,425
Management and general	902	216	202	36	187	12	19	-	1,574
Fundraising	1,423	321	326	-	341	-	13	-	2,424
<b>Total Expenses</b>	<b>16,137</b>	<b>3,323</b>	<b>2,205</b>	<b>563</b>	<b>4,538</b>	<b>72</b>	<b>225</b>	<b>(8,640)</b>	<b>18,423</b>
<b>Change in Net Assets Before Other Gains and Losses</b>	<b>919</b>	<b>394</b>	<b>(96)</b>	<b>22</b>	<b>144</b>	<b>1,768</b>	<b>(36)</b>	<b>-</b>	<b>3,115</b>
<b>Other Gains and Losses</b>									
Gain (loss) on sale of property	-	2	1	-	(4)	-	-	-	(1)
Realized gain on investments	1,160	220	-	-	-	-	-	-	1,380
Unrealized gain on investments	4,288	402	-	-	-	-	-	-	4,690
Unrealized loss on interest rate swap	(601)	-	-	-	-	-	-	-	(601)
Foreign currency translation adjustment	-	267	(149)	(23)	10	20	3	-	128
<b>Change in Net Assets</b>	<b>5,766</b>	<b>1,285</b>	<b>(244)</b>	<b>(1)</b>	<b>150</b>	<b>1,788</b>	<b>(33)</b>	<b>-</b>	<b>8,711</b>
<b>Net Assets, Beginning of Year</b>	<b>51,576</b>	<b>6,350</b>	<b>1,822</b>	<b>205</b>	<b>4,457</b>	<b>532</b>	<b>62</b>	<b>-</b>	<b>65,004</b>
<b>Net Assets, End of Year</b>	<b>\$ 57,342</b>	<b>\$ 7,635</b>	<b>\$ 1,578</b>	<b>\$ 204</b>	<b>\$ 4,607</b>	<b>\$ 2,320</b>	<b>\$ 29</b>	<b>\$ -</b>	<b>\$ 73,715</b>

**Christel House International, Inc. and Affiliates**  
**Combining and Consolidating Statement of Activities**  
**Year Ended December 31, 2018**  
**(Amounts in Thousands)**

	Christel House International, Inc.	Christel House de Mexico, A.C.	Christel House India		Christel House South Africa	Christel House Jamaica	Christel House Europe	Eliminations	Total
			Christel House Bangalore	Christel House Atal Nagar					
<b>Revenue, Gains and Other Support</b>									
Contributions	\$ 1,230	\$ 1,032	\$ 160	\$ -	\$ 441	\$ 5	\$ 147	\$ -	\$ 3,015
Supporting organization funding	11,265	-	-	-	-	-	-	-	11,265
Direct contributions	35	71	341	28	255	60	25	(815)	-
CHI funding	-	1,207	1,092	447	3,058	489	55	(6,348)	-
In-kind contributions	303	14	11	26	139	-	1	-	494
Special events	978	3	46	-	12	-	54	-	1,093
Grants	99	87	723	-	315	-	7	-	1,231
Investment income	472	221	22	3	52	-	-	-	770
Rental income - Christel House Academy	1,957	-	-	-	-	-	-	-	1,957
Other	5	26	-	-	17	-	-	-	48
<b>Total Revenue, Gains and Other Support</b>	<b>16,344</b>	<b>2,661</b>	<b>2,395</b>	<b>504</b>	<b>4,289</b>	<b>554</b>	<b>289</b>	<b>(7,163)</b>	<b>19,873</b>
<b>Expenses</b>									
Program services									
Grants	8,262	-	11	-	-	-	253	(7,163)	1,363
Academics	2,290	2,619	1,586	457	4,118	29	-	-	11,099
	10,552	2,619	1,597	457	4,118	29	253	(7,163)	12,462
Management and general	760	183	184	34	201	7	24	-	1,393
Fundraising	1,198	366	363	-	314	-	38	-	2,279
<b>Total Expenses</b>	<b>12,510</b>	<b>3,168</b>	<b>2,144</b>	<b>491</b>	<b>4,633</b>	<b>36</b>	<b>315</b>	<b>(7,163)</b>	<b>16,134</b>
<b>Change in Net Assets Before Other Gains and Losses</b>	<b>3,834</b>	<b>(507)</b>	<b>251</b>	<b>13</b>	<b>(344)</b>	<b>518</b>	<b>(26)</b>	<b>-</b>	<b>3,739</b>
<b>Other Gains and Losses</b>									
Gain on sale of property	-	-	2	-	-	-	-	-	2
Realized gain on investments	888	-	-	-	-	-	-	-	888
Unrealized loss on investments	(889)	-	(1)	-	-	-	-	-	(890)
Unrealized gain on interest rate swap	234	-	-	-	-	-	-	-	234
Foreign currency translation adjustment	-	33	(132)	(12)	(630)	14	(6)	-	(733)
<b>Change in Net Assets</b>	<b>4,067</b>	<b>(474)</b>	<b>120</b>	<b>1</b>	<b>(974)</b>	<b>532</b>	<b>(32)</b>	<b>-</b>	<b>3,240</b>
<b>Net Assets, Beginning of Year</b>	<b>47,509</b>	<b>6,824</b>	<b>1,702</b>	<b>204</b>	<b>5,431</b>	<b>-</b>	<b>94</b>	<b>-</b>	<b>61,764</b>
<b>Net Assets, End of Year</b>	<b>\$ 51,576</b>	<b>\$ 6,350</b>	<b>\$ 1,822</b>	<b>\$ 205</b>	<b>\$ 4,457</b>	<b>\$ 532</b>	<b>\$ 62</b>	<b>\$ -</b>	<b>\$ 65,004</b>