

Christel House International, Inc. and Affiliates

Independent Auditor's Report and Combined
and Consolidated Financial Statements

December 31, 2018 and 2017

Christel House International, Inc. and Affiliates

December 31, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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.

Emphasis of Matter

As described in Note 2 to the combined and consolidated financial statements, in 2018, Christel House International, Inc. and Affiliates adopted ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

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 2, 2019

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Financial Position
December 31, 2018 and 2017
(Amounts in Thousands)

	2018	2017
Assets		
Cash and cash equivalents		
Without donor restriction	\$ 6,533	\$ 5,431
With donor restriction	2,909	651
Total cash and cash equivalents	9,442	6,082
Investments		
Without donor restriction	6,113	6,030
With donor restriction	37,149	36,783
Total investments	43,262	42,813
Accounts receivable	42	48
Contributions receivable with donor restriction	1,403	1,894
Other assets	285	318
Interest rate swap	371	137
Rental property - Christel House Academy		
Without donor restriction	22,680	23,434
With donor restriction	222	222
Property and equipment	5,368	5,863
Total Assets	\$ 83,075	\$ 80,811
Liabilities		
Accounts payable	\$ 185	\$ 202
Accrued payroll and other		
Without donor restriction	1,185	1,373
With donor restriction	7	14
Bonds payable, net of bond issue costs	16,694	17,458
Total Liabilities	18,071	19,047
Net Assets		
Without donor restriction	23,328	22,228
With donor restriction	41,676	39,536
Total Net Assets	65,004	61,764
Total Liabilities and Net Assets	\$ 83,075	\$ 80,811

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Activities
Years Ended December 31, 2018 and 2017
(Amounts in Thousands)

	2018		Total
	Without Donor Restriction	With Donor Restriction	
Revenue, Gains and Other Support			
Contributions	\$ 1,467	\$ 1,548	\$ 3,015
Supporting organization funding	-	11,265	11,265
In-kind contributions	313	181	494
Special events (net of expenses of \$176 and \$138)	785	308	1,093
Grant income	686	545	1,231
Investment income	731	39	770
Rental income - Christel House Academy	1,957	-	1,957
Other	45	3	48
	<u>5,984</u>	<u>13,889</u>	<u>19,873</u>
Net assets released from restrictions	11,734	(11,734)	-
Total Revenue, Gains and Other Support	<u>17,718</u>	<u>2,155</u>	<u>19,873</u>
Expenses			
Program services			
Grants	1,363	-	1,363
Academics	11,099	-	11,099
	<u>12,462</u>	<u>-</u>	<u>12,462</u>
Management and general	1,393	-	1,393
Fundraising	2,279	-	2,279
Total Expenses	<u>16,134</u>	<u>-</u>	<u>16,134</u>
Change in Net Assets Before Other Gains and Losses	1,584	2,155	3,739
Other Gains and Losses			
Gain on sale of property	2	-	2
Write-off of contribution receivable	-	-	-
Realized gain on investments	884	4	888
Unrealized gain (loss) on investments	(871)	(19)	(890)
Unrealized gain on interest rate swap	234	-	234
Foreign currency translation adjustment	(733)	-	(733)
	<u>2</u>	<u>-</u>	<u>2</u>
Change in Net Assets	1,100	2,140	3,240
Net Assets, Beginning of Year	<u>22,228</u>	<u>39,536</u>	<u>61,764</u>
Net Assets, End of Year	<u>\$ 23,328</u>	<u>\$ 41,676</u>	<u>\$ 65,004</u>

2017		
Without Donor Restriction	With Donor Restriction	Total
\$ 1,329	\$ 2,042	\$ 3,371
-	7,440	7,440
557	87	644
1,068	33	1,101
646	478	1,124
397	27	424
1,957	-	1,957
38	-	38
<u>5,992</u>	<u>10,107</u>	<u>16,099</u>
4,781	(4,781)	-
<u>10,773</u>	<u>5,326</u>	<u>16,099</u>
2,034	-	2,034
<u>10,533</u>	<u>-</u>	<u>10,533</u>
12,567	-	12,567
1,519	-	1,519
<u>2,450</u>	<u>-</u>	<u>2,450</u>
<u>16,536</u>	<u>-</u>	<u>16,536</u>
(5,763)	5,326	(437)
4,166	-	4,166
-	(596)	(596)
2,083	3	2,086
2,491	30	2,521
63	-	63
<u>538</u>	<u>-</u>	<u>538</u>
3,578	4,763	8,341
<u>18,650</u>	<u>34,773</u>	<u>53,423</u>
<u>\$ 22,228</u>	<u>\$ 39,536</u>	<u>\$ 61,764</u>

Christel House International, Inc. and Affiliates
Combined and Consolidated 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
Total Expenses	\$ 1,363	\$ 11,099	\$ 12,462	\$ 1,393	\$ 2,279	\$ 16,134

Christel House International, Inc. and Affiliates
Combined and Consolidated Statement of Functional Expenses
Year Ended December 31, 2017
(Amounts in Thousands)

	Program Service Expenses			Supporting Services		Total Expenses
	Grants	Academics	Total Program Services	Management and General	Fundraising	
Salaries and benefits	\$ -	\$ 5,288	\$ 5,288	\$ 906	\$ 1,720	\$ 7,914
Direct grants	2,034	-	2,034	-	-	2,034
Outside services	-	356	356	164	143	663
Course materials/supplies	-	604	604	-	-	604
Medicine/laboratories	-	14	14	-	-	14
Nutritional support	-	698	698	-	-	698
Sales and marketing	-	5	5	1	291	297
Travel and entertainment	-	42	42	37	80	159
Vehicle/transportation expense	-	504	504	2	1	507
Rent and facilities	-	998	998	98	100	1,196
Depreciation and amortization	-	1,472	1,472	15	5	1,492
Interest expense/bond fees	-	456	456	-	-	456
Unrelated business taxes on investments	-	-	-	92	-	92
Other	-	96	96	204	110	410
Total Expenses	\$ 2,034	\$ 10,533	\$ 12,567	\$ 1,519	\$ 2,450	\$ 16,536

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017
(Amounts in Thousands)

	2018	2017
Operating Activities		
Change in net assets	\$ 3,240	\$ 8,341
Items not requiring (providing) cash		
Depreciation	1,474	1,484
Amortization of bond issue costs	8	8
Foreign currency translation adjustment	733	(538)
Realized gain on investments	(888)	(2,086)
Unrealized (gain) loss on investments	890	(2,521)
Unrealized gain on interest rate swap	(234)	(63)
Gain on sale of property	(2)	(4,166)
Changes in		
Accounts receivable	6	145
Contributions receivable	491	892
Other assets	33	(89)
Accounts payable	(17)	38
Accrued payroll and other	(195)	238
Net Cash Provided by Operating Activities	5,539	1,683
Investing Activities		
Purchase of investments	(4,343)	(8,602)
Proceeds from sale of investments	3,892	3,063
Proceeds from sale of property and equipment	-	5,290
Purchase of rental property and property and equipment	(735)	(830)
Net Cash Used in Investing Activities	(1,186)	(1,079)
Financing Activity		
Bond principal payments	(772)	(752)
Net Cash Used in Financing Activities	(772)	(752)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(221)	107
Net Increase (Decrease) in Cash and Cash Equivalents	3,360	(41)
Cash and Cash Equivalents, Beginning of Year	6,082	6,123
Cash and Cash Equivalents, End of Year	\$ 9,442	\$ 6,082
Supplemental Cash Flows Information		
Interest paid	\$ 437	\$ 456

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2018 and 2017
(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 5,150 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 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, 2018 and 2017

(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 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 Academy West and Christel House DORS. The financial information related to the Academy is not consolidated in these financial statements as this organization is 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, 2018 and 2017, cash equivalents consisted primarily of money market funds.

At December 31, 2018, CHI's cash accounts exceeded federally insured limits by approximately \$7,388. Additionally, at December 31, 2018, learning center funds held outside the United States were \$1,100 and are not insured by the FDIC.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2018 and 2017
(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, net assets with donor restriction are reclassified to net assets without donor restriction 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 with or without donor restriction 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 to 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 is 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	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, 2018 and 2017.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2018 and 2017
(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.

Donations of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Donations received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. 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 combined and consolidated statements of activities as net assets released from restrictions. Donations 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 revenue with donor restrictions and then released from restriction.

Donations of land, buildings, equipment and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions.

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 arrangement. The value of these arrangements is not reflected in the combined and consolidated financial statements due to immateriality.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2018 and 2017
(Amounts in Thousands)

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.

Foreign Currency Translation

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

Income Taxes

Christel House International, Inc., 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 2014.

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.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2018 and 2017
(Amounts in Thousands)

Subsequent Events

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 August 2020. During 2018 and 2017, \$521 and \$42 of Jamaica startup cost were incurred by Christel House Jamaica, respectively.

Subsequent events have been evaluated October 2, 2019, which is the date the combined and consolidated financial statements were available to be issued.

Note 2: Change in Accounting Principle

In 2018, CHI adopted ASU 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. A summary of the changes is as follows:

Statement of Financial Position

- The statement of financial position distinguishes between two new classes of net assets—those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets—unrestricted, temporarily restricted and permanently restricted.

Statement of Activities

- Expenses are reported by both nature and function in one location.
- Investment income is shown net of external and direct internal investment expenses. Disclosure of the expenses netted against investment income is no longer required.

Notes to the Financial Statements

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one-year from the date of the statement of financial position.

This change had no impact on previously reported total change in net assets.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2018 and 2017
(Amounts in Thousands)

Note 3: Investments and Investment Return

Investments are as follows:

	2018	2017
Certificates and investment cash	\$ 3,772	\$ 7,197
Commodities	204	236
Equities		
North America	8,596	9,922
International	2,964	3,604
Government agencies		
North America	96	619
International	2,977	-
Corporate obligations	35	311
Municipal obligations	-	352
Alternative investments	24,618	20,572
	<u>\$ 43,262</u>	<u>\$ 42,813</u>

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

	2018	2017
Investment income	\$ 770	\$ 424
Net realized gains	888	2,086
Net unrealized gains (losses)	(890)	2,521
	<u>\$ 768</u>	<u>\$ 5,031</u>
Total return on investments	<u>\$ 768</u>	<u>\$ 5,031</u>

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2018 and 2017
(Amounts in Thousands)

Alternative Investments

Alternative investments held at December 31, 2018 and 2017 consist of the following:

	2018		
	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
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>		

	2017		
	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fixed income (A)	\$ 340	Daily - Quarterly	0-45 days
International equity (B)	1,547	Monthly	30 days
Real assets (C)	722	Monthly - Quarterly	30-45 days
Private equity/partnerships (D)	6,610	Not eligible	N/A
Hedge funds (E)	<u>11,353</u>	Monthly - Semi Annually	30-100 days
Total alternative investments	<u>\$ 20,572</u>		

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2018 and 2017
(Amounts in Thousands)

Unfunded commitments totaled approximately \$11,853 and \$9,679 at December 31, 2018 and 2017, 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 CHI. Redemptions in this category range from daily to quarterly with written notice from zero to 45 days.
- (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 CHI. Redemptions in this category occur monthly with 30 day written notice.
- (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 CHI. Redemptions in this category occur monthly to quarterly with 30-45 day written notice.
- (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 CHI. Redemptions in this category occur monthly to semi-annually with 30-100 day written notice.

Note 4: 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, 2018 and 2017
(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 restriction (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 donor-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.

The composition of net assets by type of endowment at December 31, 2018 and 2017, respectively, was:

	2018	2017
	With Donor Restriction	With Donor Restriction
Donor-restricted not held in perpetuity	\$ 17	\$ 50
Donor-restricted held in perpetuity	<u>415</u>	<u>415</u>
Total endowment funds	<u><u>\$ 432</u></u>	<u><u>\$ 465</u></u>

Changes in endowment net assets for the years ended December 31, 2018 and 2017, respectively, were:

	2018	2017
	With Donor Restriction	With Donor Restriction
Endowment net assets, beginning of year	\$ 465	\$ 415
Investment income	15	20
Net appreciation (depreciation)	(37)	30
Withdrawal per spending policy	<u>(11)</u>	<u>-</u>
Endowment net assets, end of year	<u><u>\$ 432</u></u>	<u><u>\$ 465</u></u>

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, 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. This fund had an original gift value of \$23, a reported fair value of \$22 and was underwater by \$1. There were no such deficiencies at December 31, 2017.

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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 up to 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 5: Contributions Receivable

	2018	2017
	With Donor Restriction	With Donor Restriction
Due within one year	\$ 1,108	\$ 1,310
Due in one to five years	299	587
	<u>1,407</u>	<u>1,897</u>
Discount	(4)	(3)
	<u>\$ 1,403</u>	<u>\$ 1,894</u>

Discount rates ranged from 1.55% to 2.65% for 2018 and 2017.

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Note 6: 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 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 8, CHI issued \$19,000 of bonds to assist in the financing of the Christel House Academy South and West facilities.

Future rent payments due from the Academy are shown below. No rent receivable existed at December 31, 2018 or 2017.

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

	2018	2017
Buildings	\$ 24,984	\$ 24,984
Land improvements	2,596	2,596
	<u>27,580</u>	<u>27,580</u>
Accumulated depreciation	(7,183)	(6,429)
	<u>20,397</u>	<u>21,151</u>
Land	2,505	2,505
	<u>\$ 22,902</u>	<u>\$ 23,656</u>

Future lease payments due from Christel House Academy, Inc. at December 31, 2018 were:

2019	\$ 1,575
2020	1,575
2021	1,575
2022	1,575
2023	1,575
Thereafter	<u>21,112</u>
	<u>\$ 28,987</u>

Christel House International, Inc. and Affiliates
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Note 7: Property and Equipment

Christel House's property and equipment is as follows:

	2018	2017
Buildings	\$ 3,694	\$ 4,184
Land	201	214
Leasehold improvements	1,325	1,291
Furniture and equipment	1,313	1,344
Computer hardware and Software	1,949	2,190
Books and educational materials	98	101
Motor vehicles	319	325
Work in progress	383	36
	9,282	9,685
Accumulated depreciation	(3,914)	(3,822)
	\$ 5,368	\$ 5,863

On December 11, 2017, Christel House De Mexico, A.C. ("CHMX") sold its former learning center site including land, buildings and certain equipment with a carrying value of \$1,122 for proceeds totaling \$5,288 resulting in a gain of \$4,166.

Note 8: Bonds Payable

On January 29, 2015, the Indiana Finance Authority issued its \$19,000 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 or any other duration agreed to. The interest rate in effect at December 31, 2018 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 issuance costs as of December 31, 2018 and 2017 were \$49 and \$57, respectively, and are included in bonds payable.

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The future maturities of bonds payable are as follows:

2019	\$ 792
2020	813
2021	835
2022	857
2023	880
Thereafter	<u>12,566</u>
	16,743
Unamortized bond issuance costs	<u>(49)</u>
	<u><u>\$ 16,694</u></u>

Interest expense for the years ended December 31, 2018 and 2017 was \$437 and \$456, respectively.

Note 9: 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. 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 an asset of \$371 and \$137 at December 31, 2018 and 2017, respectively. Accordingly, Christel House recognized an unrealized gain of \$234 and \$63 in 2018 and 2017, respectively, which is included in the Other Gains and Losses section of the combined and consolidated statements of activities.

Note 10: Leases

The noncancellable operating lease for office space expires 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.

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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 10.4 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, 2018 and 2017 was \$511 and \$518, respectively. Rent expense is recognized on a straight-line basis.

Future minimum lease payments at December 31, 2018 were:

2019		\$	457
2020			457
2021			461
			461
		\$	1,375

Note 11: Related Party Transactions

Endless Success Foundation, Inc. (“ESF”) was founded by Christel DeHaan, CHI’s Founder, President and Chief Executive Officer, in January 2015. ESF exists as a supporting organization for the benefit of Christel House International, Inc. and other organizations. During 2018 and 2017, \$11,265 and \$7,440, respectively, of Ms. DeHaan’s support for CHI was supplied via ESF. Additionally, during 2018 and 2017, CHI received \$62 and \$51, respectively, in contributions from Ms. DeHaan.

In 2018 and 2017, CHI expensed \$2,084 and \$1,933, respectively, in payroll related costs that were originally paid by CD Enterprises, Ltd. (CDE), a related party. Included in these expenses was \$123 and \$109 for CHI employer contributions to CDE’s 401(k) plan for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, CHI had an outstanding liability balance of \$408 and \$378, 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.

As discussed in Note 6, Christel House leases property to the Christel House Academy, Inc., and also provides grants to several affiliated learning centers.

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Note 12: Net Assets

Net Assets With Donor Restrictions

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

	<u>2018</u>	<u>2017</u>
Capital projects	\$ 297	\$ 321
Learning center programs and services	1,064	2,008
Nutritional support	129	118
Special projects	254	238
Other programs	307	482
	<u>2,051</u>	<u>3,167</u>
Subject to the passage of time		
Time restricted pledges and Founder funding	39,193	35,904
	<u>39,193</u>	<u>35,904</u>
Endowments		
Earnings restricted by donors to learning center programs	17	50
Original gift held in perpetuity	415	415
	<u>432</u>	<u>465</u>
	<u>\$ 41,676</u>	<u>\$ 39,536</u>

Each year, CHI 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.

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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>2018</u>	<u>2017</u>
Satisfaction for specified purpose restrictions		
Capital projects	\$ 261	\$ 85
Learning center programs and services	2,021	1,355
Nutritional support	241	140
Special projects	2	-
Other programs	522	403
	<u>3,047</u>	<u>1,983</u>
Expiration of time restrictions		
Time restricted pledges and Founder funding	8,676	2,798
	<u>8,676</u>	<u>2,798</u>
Endowments		
Earnings restricted by donors to learning center programs	11	-
	<u>11</u>	<u>-</u>
Net assets released from restriction at December 31	<u>\$ 11,734</u>	<u>\$ 4,781</u>

Note 13: 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 Footnote (Note 11), 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 2019 cash needs for expenditures at approximately \$19,500.

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As of December 31, 2018, Christel House has unrestricted financial assets available within one year to meet the organization's needs for general expenditures as follows:

	2018	2017
Financial assets		
Cash	\$ 6,533	\$ 5,431
Investments	6,113	6,030
Accounts receivable	42	48
Financial assets available to meet cash needs within one year	\$ 12,688	\$ 11,509

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, 2018.

In addition to the financial assets above, subsequent to year-end, ESF has approved 2019 funding to Christel House in the amount of approximately \$14,000. This funding is budgeted to be received in installments throughout 2019.

Note 14: 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
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Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying combined and consolidated statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2018.

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 within Level 2 of the valuation hierarchy.

Christel House International, Inc. and Affiliates
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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, 2018 and 2017:

	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 ^(A)	
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	371	-	371	-	-
Total assets	<u>\$ 51,161</u>	<u>\$ 26,137</u>	<u>\$ 624</u>	<u>\$ -</u>	<u>\$ 24,400</u>

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	2017				
	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 ^(A)	
Investments					
Certificates and investment cash	\$ 7,197	\$ 7,197	\$ -	\$ -	\$ -
Commodities	236	236	-	-	-
Equities					
North America	9,922	9,922	-	-	-
International	3,604	3,604	-	-	-
Government agencies					
North America	619	519	100	-	-
Corporate obligations	311	-	311	-	-
Municipal obligations	352	-	352	-	-
Alternative investments					
Fixed income	340	-	82	-	258
International equity	1,547	-	-	-	1,547
Real assets	722	-	-	-	722
Private equity/partnerships	6,610	-	-	-	6,610
Hedge funds	11,353	-	-	-	11,353
Total investments	<u>42,813</u>	<u>21,478</u>	<u>845</u>	<u>-</u>	<u>20,490</u>
Interest rate swap	137	-	137	-	-
Total assets	<u>\$ 42,950</u>	<u>\$ 21,478</u>	<u>\$ 982</u>	<u>\$ -</u>	<u>\$ 20,490</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 15: Concentrations

Christel House received approximately 66% and 54% of its contribution revenue from ESF in 2018 and 2017, respectively (see Note 11).

Supplementary Information

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					
Assets									
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 - Christel House Academy									
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
Total Assets	\$ 68,842	\$ 6,660	\$ 1,971	\$ 260	\$ 4,773	\$ 532	\$ 74	\$ (37)	\$ 83,075
Liabilities									
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
Total Liabilities	17,266	310	149	55	316	-	12	(37)	18,071
Net Assets									
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
Total Net Assets	51,576	6,350	1,822	205	4,457	532	62	-	65,004
Total Liabilities and Net Assets	\$ 68,842	\$ 6,660	\$ 1,971	\$ 260	\$ 4,773	\$ 532	\$ 74	\$ (37)	\$ 83,075

Christel House International, Inc. and Affiliates
Combining and Consolidating Statement of Financial Position
December 31, 2017
(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
			Christel House Bangalore	Christel House Atal Nagar				
Assets								
Cash and cash equivalents								
Without donor restriction	\$ 4,585	\$ 635	\$ 64	\$ 6	\$ 112	\$ 29	\$ -	\$ 5,431
With donor restriction	280	189	123	-	45	14	-	651
Investments								
Without donor restriction	-	4,954	16	59	1,001	-	-	6,030
With donor restriction	35,996	288	119	18	362	-	-	36,783
Accounts receivable	8	2	-	-	38	-	-	48
Contributions receivable, with donor restriction	781	168	261	-	616	68	-	1,894
Other assets	120	41	91	7	59	-	-	318
Interest rate swap	137	-	-	-	-	-	-	137
Rental property								
Without donor restriction	23,434	-	-	-	-	-	-	23,434
With donor restriction	222	-	-	-	-	-	-	222
Property and equipment	60	798	1,250	149	3,606	-	-	5,863
Total Assets	\$ 65,623	\$ 7,075	\$ 1,924	\$ 239	\$ 5,839	\$ 111	\$ -	\$ 80,811
Liabilities								
Accounts payable	\$ 123	\$ -	\$ 34	\$ 12	\$ 33	\$ -	\$ -	\$ 202
Accrued payroll and other								
Without donor restriction	533	251	188	23	375	3	-	1,373
With donor restriction	-	-	-	-	-	14	-	14
Bonds payable, net of bond issue costs	17,458	-	-	-	-	-	-	17,458
Total Liabilities	18,114	251	222	35	408	17	-	19,047
Net Assets								
Without donor restriction	10,230	6,179	1,199	186	4,408	26	-	22,228
With donor restriction	37,279	645	503	18	1,023	68	-	39,536
Total Net Assets	47,509	6,824	1,702	204	5,431	94	-	61,764
Total Liabilities and Net Assets	\$ 65,623	\$ 7,075	\$ 1,924	\$ 239	\$ 5,839	\$ 111	\$ -	\$ 80,811

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					
Revenue, Gains and Other Support									
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 (net of expenses of \$176)	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
Total Revenue, Gains and Other Support	16,344	2,661	2,395	504	4,289	554	289	(7,163)	19,873
Expenses									
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
Total Expenses	12,510	3,168	2,144	491	4,633	36	315	(7,163)	16,134
Change in Net Assets Before Other Gains and Losses	3,834	(507)	251	13	(344)	518	(26)	-	3,739
Other Gains and Losses									
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)
Change in Net Assets	4,067	(474)	120	1	(974)	532	(32)	-	3,240
Net Assets, Beginning of Year	47,509	6,824	1,702	204	5,431	-	94	-	61,764
Net Assets, End of Year	\$ 51,576	\$ 6,350	\$ 1,822	\$ 205	\$ 4,457	\$ 532	\$ 62	\$ -	\$ 65,004

Christel House International, Inc. and Affiliates
Combining and Consolidating Statement of Activities
Year Ended December 31, 2017
(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
			Christel House Bangalore	Christel House Atal Nagar				
Revenue, Gains and Other Support								
Contributions	\$ 1,575	\$ 845	\$ 148	\$ -	\$ 775	\$ 28	\$ -	\$ 3,371
Supporting organization funding	7,440	-	-	-	-	-	-	7,440
Direct contributions	43	150	159	54	213	3	(622)	-
CHI funding	42	1,564	1,041	498	3,180	73	(6,398)	-
In-kind contributions	289	14	10	-	331	-	-	644
Special events (net of expenses of \$138)	959	6	52	-	17	67	-	1,101
Grants	75	64	591	-	394	-	-	1,124
Investment income (net of expenses of \$51)	294	65	23	2	40	-	-	424
Rental income - Christel House Academy	1,957	-	-	-	-	-	-	1,957
Other	3	22	2	-	11	-	-	38
Total Revenue, Gains and Other Support	12,677	2,730	2,026	554	4,961	171	(7,020)	16,099
Expenses								
Program services								
Grants	8,949	-	-	-	-	105	(7,020)	2,034
Academics	2,179	2,370	1,671	401	3,912	-	-	10,533
	11,128	2,370	1,671	401	3,912	105	(7,020)	12,567
Management and general	885	158	197	30	229	20	-	1,519
Fundraising	1,196	277	350	-	579	48	-	2,450
Total Expenses	13,209	2,805	2,218	431	4,720	173	(7,020)	16,536
Change in Net Assets Before Other Gains and Losses	(532)	(75)	(192)	123	241	(2)	-	(437)
Other Gains and Losses								
Gain (loss) on sale of property	-	4,167	2	-	(3)	-	-	4,166
Write-off of contributions receivable	-	(596)	-	-	-	-	-	(596)
Realized gain on investments	2,086	-	-	-	-	-	-	2,086
Unrealized gain on investments	2,521	-	-	-	-	-	-	2,521
Unrealized gain on interest rate swap	63	-	-	-	-	-	-	63
Foreign currency translation adjustment	-	4	1	-	526	7	-	538
Change in Net Assets	4,138	3,500	(189)	123	764	5	-	8,341
Net Assets, Beginning of Year	43,371	3,324	1,891	81	4,667	89	-	53,423
Net Assets, End of Year	\$ 47,509	\$ 6,824	\$ 1,702	\$ 204	\$ 5,431	\$ 94	\$ -	\$ 61,764