




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

## **Independent Auditor's Report, Consolidated Financial Statements and Supplementary Information**

December 31, 2023 and 2022



**Christel House International, Inc. and Affiliates**  
**Contents**  
**December 31, 2023 and 2022**

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

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

### ***Opinion***

We have audited the consolidated financial statements of Christel House International, Inc. and Affiliates, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Christel House International, Inc. and Affiliates as of December 31, 2023 and 2022, 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.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Christel House International, Inc. and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Christel House International, Inc. and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Christel House International, Inc. and Affiliates' ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on financial statements that collectively comprise Christel House International, Inc. and Affiliates' basic consolidated financial statements as a whole. The consolidating statements of financial position and activities as listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic 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 basic consolidated financial statements.

The supplementary information has been subjected to the auditing procedures applied in the audit of the basic 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 basic consolidated financial statements or to the basic 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 basis consolidated financial statements as a whole.

***Other Information Included in the Annual Report***

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Forvis Mazars, LLP***

**Indianapolis, Indiana  
November 5, 2024**

**Christel House International, Inc. and Affiliates**  
**Consolidated Statements of Financial Position**  
**December 31, 2023 and 2022**  
**(Amounts in Thousands)**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash and cash equivalents		
Without donor restriction	\$ 7,480	\$ 14,223
With donor restriction	1,341	4,360
Total cash and cash equivalents	<u>8,821</u>	<u>18,583</u>
Investments		
Without donor restriction	14,079	6,710
With donor restriction	62,155	56,420
Total investments	<u>76,234</u>	<u>63,130</u>
Accounts receivable		
Without donor restriction	378	178
With donor restriction	6	5
Contributions receivable with donor restriction	7,683	908
Other assets	589	393
Right-of-use asset - operating lease	1,007	1,237
Interest rate swap	172	255
Rental property - Christel House Academy		
Without donor restriction	4,842	8,643
With donor restriction	222	222
Property and equipment, net	<u>9,618</u>	<u>10,518</u>
<b>Total Assets</b>	<u>\$ 109,572</u>	<u>\$ 104,072</u>
<b>Liabilities</b>		
Accounts payable	\$ 359	\$ 180
Accrued payroll and other		
Without donor restriction	2,681	2,292
Operating lease liability	1,007	1,237
Bonds payable, net of bond issue costs	6,063	6,943
<b>Total Liabilities</b>	<u>10,110</u>	<u>10,652</u>
<b>Net Assets</b>		
Without donor restriction	28,055	31,505
With donor restriction	71,407	61,915
<b>Total Net Assets</b>	<u>99,462</u>	<u>93,420</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 109,572</u>	<u>\$ 104,072</u>

**Christel House International, Inc. and Affiliates**  
**Consolidated Statements of Activities**  
**Years Ended December 31, 2023 and 2022**  
**(Amounts in Thousands)**

	<b>2023</b>		
	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
<b>Revenue, Gains and Other Support</b>			
Contributions	\$ 1,112	\$ 3,148	\$ 4,260
Founder funding	-	-	-
Affiliate funding	-	15,557	15,557
In-kind contributions	896	27	923
Special events (net of expenses of \$101 and \$23)	311	9	320
Grant income	665	2,029	2,694
Investment income	771	32	803
Rental income - Christel House Academy	750	-	750
Other	45	-	45
	<u>4,550</u>	<u>20,802</u>	<u>25,352</u>
Net assets released from restrictions	11,398	(11,398)	-
<b>Total Revenue, Gains and Other Support</b>	<u>15,948</u>	<u>9,404</u>	<u>25,352</u>
<b>Expenses</b>			
Program services			
Grants	1,285	-	1,285
Academics	17,243	-	17,243
	<u>18,528</u>	<u>-</u>	<u>18,528</u>
Management and general	3,032	-	3,032
Fundraising	2,526	-	2,526
<b>Total Expenses</b>	<u>24,086</u>	<u>-</u>	<u>24,086</u>
<b>Change in Net Assets Before Other Gains and Losses</b>	(8,138)	9,404	1,266
<b>Other Gains and Losses</b>			
Loss on sale of property	(15)	-	(15)
Write-down on property	(3,460)	-	(3,460)
Realized gain (loss) on investments	1,696	-	1,696
Realized gain on interest rate swaps	-	-	-
Unrealized gain (loss) on investments	6,115	88	6,203
Unrealized gain (loss) on interest rate swap	(83)	-	(83)
Foreign currency translation adjustment	435	-	435
	<u>(3,450)</u>	<u>9,492</u>	<u>6,042</u>
<b>Change in Net Assets</b>	(3,450)	9,492	6,042
<b>Net Assets, Beginning of Year</b>	<u>31,505</u>	<u>61,915</u>	<u>93,420</u>
<b>Net Assets, End of Year</b>	<u>\$ 28,055</u>	<u>\$ 71,407</u>	<u>\$ 99,462</u>

<b>2022</b>		
<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
\$ 876	\$ 3,205	\$ 4,081
20	-	20
-	14,293	14,293
1,252	10	1,262
337	100	437
727	1,407	2,134
406	26	432
750	-	750
43	-	43
<u>4,411</u>	<u>19,041</u>	<u>23,452</u>
27,888	(27,888)	-
<u>32,299</u>	<u>(8,847)</u>	<u>23,452</u>
1,497	-	1,497
<u>16,501</u>	<u>-</u>	<u>16,501</u>
17,998	-	17,998
2,106	-	2,106
<u>2,362</u>	<u>-</u>	<u>2,362</u>
<u>22,466</u>	<u>-</u>	<u>22,466</u>
9,833	(8,847)	986
(19)	-	(19)
-	-	-
1,154	(2)	1,152
269	-	269
(6,853)	(107)	(6,960)
533	-	533
<u>(49)</u>	<u>-</u>	<u>(49)</u>
4,868	(8,956)	(4,088)
<u>26,637</u>	<u>70,871</u>	<u>97,508</u>
<u>\$ 31,505</u>	<u>\$ 61,915</u>	<u>\$ 93,420</u>



**Christel House International, Inc. and Affiliates**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2023**  
**(Amounts in Thousands)**

	<u>Program Service Expenses</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Grants</u>	<u>Academics</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and benefits	\$ -	\$ 9,831	\$ 9,831	\$ 2,106	\$ 2,038	\$ 13,975
Direct grants	1,285	-	1,285	-	-	1,285
Outside services	-	579	579	506	50	1,135
Course materials/supplies	-	1,028	1,028	2	-	1,030
Medicine/laboratories	-	26	26	-	-	26
Nutritional support	-	1,008	1,008	-	-	1,008
Sales and marketing	-	19	19	-	153	172
Travel and entertainment	-	295	295	61	75	431
Vehicle/transportation expense	-	727	727	3	2	732
Rent and facilities	-	1,949	1,949	147	98	2,194
Expenses on assets held for sale	-	30	30	-	-	30
Depreciation and amortization	-	1,338	1,338	26	4	1,368
Interest expense/bond fees	-	159	159	-	-	159
Other	-	254	254	181	106	541
<b>Total Expenses</b>	<b>\$ 1,285</b>	<b>\$ 17,243</b>	<b>\$ 18,528</b>	<b>\$ 3,032</b>	<b>\$ 2,526</b>	<b>\$ 24,086</b>

**Christel House International, Inc. and Affiliates**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2022**  
**(Amounts in Thousands)**

	<u>Program Service Expenses</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Grants</u>	<u>Academics</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and benefits	\$ -	\$ 8,623	\$ 8,623	\$ 1,518	\$ 1,854	\$ 11,995
Direct grants	1,497	-	1,497	-	-	1,497
Outside services	-	1,174	1,174	263	64	1,501
Course materials/supplies	-	984	984	-	-	984
Medicine/laboratories	-	20	20	-	-	20
Nutritional support	-	1,139	1,139	-	-	1,139
Sales and marketing	-	18	18	20	155	193
Travel and entertainment	-	188	188	37	59	284
Vehicle/transportation expense	-	739	739	1	3	743
Rent and facilities	-	1,644	1,644	124	114	1,882
Expenses on assets held for sale	-	162	162	-	-	162
Depreciation and amortization	-	1,319	1,319	20	4	1,343
Interest expense/bond fees	-	294	294	-	-	294
Other	-	197	197	123	109	429
<b>Total Expenses</b>	<b>\$ 1,497</b>	<b>\$ 16,501</b>	<b>\$ 17,998</b>	<b>\$ 2,106</b>	<b>\$ 2,362</b>	<b>\$ 22,466</b>

**Christel House International, Inc. and Affiliates**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**  
**(Amounts in Thousands)**

	<u>2023</u>	<u>2022</u>
<b>Operating Activities</b>		
Change in net assets	\$ 6,042	\$ (4,088)
Items not requiring (providing) cash		
Depreciation	1,368	1,318
Noncash operating lease expense	230	652
Amortization of bond issue costs	-	25
Foreign currency translation adjustment	(435)	49
Realized gain on investments	(1,696)	(1,152)
Realized gain on interest rate agreement	-	(269)
Unrealized (gain) loss on investments	(6,203)	6,960
Unrealized (gain) loss on interest rate swap	83	(533)
Loss on sale of property	15	19
Write-down on property	3,460	-
Changes in		
Accounts receivable	(201)	(71)
Contributions receivable	(6,775)	634
Other assets	(196)	(79)
Accounts payable	179	(58)
Accrued payroll and other	389	554
Operating lease liability	(230)	(652)
Accrued program grant	-	(204)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>(3,970)</u>	<u>3,105</u>
<b>Investing Activities</b>		
Purchase of investments	(8,175)	(10,326)
Proceeds from sale of investments	3,981	10,290
Proceeds from sale of property and equipment	-	6,603
Purchase of property and equipment	(523)	(1,666)
<b>Net Cash Provided by (Used in) Investing Activities</b>	<u>(4,717)</u>	<u>4,901</u>
<b>Financing Activity - Bond principal payments</b>	(880)	(7,360)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<u>(195)</u>	<u>75</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(9,762)	721
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>18,583</u>	<u>17,862</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 8,821</u>	<u>\$ 18,583</u>
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ 159	\$ 294
Right-of-use asset obtained in exchange for operating lease liability upon adoption of ASC 842	-	1,889

**Christel House International, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**  
**(Amounts in Thousands)**

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**Note 1. Nature of Operations and Summary of Significant Accounting Policies**

***General***

Christel House International, Inc. (CHI) is an Indiana nonprofit corporation described for U.S. federal tax purposes in I.R.C. Section 501(c)(3). CHI and its Affiliates (collectively known as “Christel House”) are primarily engaged in educational efforts, with CHI’s principal activity being to support the activities of the Affiliates, primarily through grant-making. CHI was established in 1998. Christel House developed schools in India, Mexico, South Africa, Jamaica and the United States and currently serves over 6,300 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 schools for underserved children and provides a holistic approach to child development. The children are enrolled at Christel House schools 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 schools.

***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 Consolidation***

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

Christel House International, Inc. presents 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 schools 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 a majority of these entities, within the meaning of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

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

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In addition, CHI provides management and financial support to Christel House Academy, Inc. (dba CH Indianapolis), an affiliated network of charter schools located in Indianapolis, Indiana. CH Indianapolis includes Christel House at Manual, Christel House Academy West and Christel House DORS. The financial information related to CH Indianapolis 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 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, 2023 and 2022, cash equivalents consisted primarily of money market funds.

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

At December 31, 2023, CHI's cash accounts exceeded federally insured limits by approximately \$6,410. Additionally, at December 31, 2023, funds held outside the United States were \$2,171 and are not insured by the FDIC.

***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; and realized and unrealized gains and losses on investments carried at fair value, 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, donor restricted net assets are reclassified to without donor restrictions net assets and reported in the consolidated statements of activities as net assets released from restrictions. Other investment return is reflected in the consolidated statements of activities as with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Christel House 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:

	<u>Years</u>
Buildings	30 – 40
Leasehold improvements	10 – 20 (life of lease)
Furniture and equipment	5 – 7
Computer hardware	3 – 5

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

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***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. An impairment loss of \$3,460 was recognized during the year ended December 31, 2023. No asset impairment was recognized during the year ended December 31, 2022.

***Leases***

Christel House determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the consolidated statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. Christel House determines lease classification as operating or finance at the lease commencement date.

Christel House combines lease and nonlease components, such as maintenance costs, in calculating the ROU assets and lease liabilities.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Christel House has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that Christel House is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

Christel House has elected not to record leases with an initial term of 12 months or less on the consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

***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.

**Christel House International, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**  
**(Amounts in Thousands)**

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>
Conditional gifts, with or without restriction	
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
Unconditional gifts, with or without restriction	
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.

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 consolidated statement 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, services and facilities 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 consolidated financial statements, and similarly increase contribution revenue by a like amount.

***Grant Making***

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

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

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***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 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 consolidated statements of activities as a component of the change in net assets. The 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. is exempt from U.S. federal income tax under Section 501(a) of the U.S. Internal Revenue Code of 1986, as amended ("I.R.C."), other than the tax on unrelated business taxable income imposed by I.R.C. Section 511(a), as an organization described in I.R.C. Section 501(c)(3), and under a similar provision of state law. As of the tax year ending December 31, 2023, it reports for federal tax purposes as a publicly supported charity under I.R.C. Sections 509(a)(1) and 170(b)(1)(A)(vi). Previously, Christel House International, Inc. classified as a school under IRC Sec. 170(b)(1)(A)(ii). Its Affiliates, Christel House de Mexico, A.C., Christel House Europe, Christel House South Africa, Christel House India, and Christel House Jamaica, operate as tax-exempt entities in their jurisdictions of formation.

***Functional Allocation of Expenses***

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

***Subsequent Events***

After year-end, CHI relocated its Indianapolis administrative office and entered into a lease for its new office space. The lease commenced in March 2024 and is in effect through July 2031. Lease payments range from \$10,406 to \$12,367 monthly.

After year-end, CHI board of directors approved the sale of the Christel House West Facility, as described in Note 5, to CH Indianapolis. The sale was completed in 2024 and will be reflected in the 2024 consolidated financial statements.

Subsequent events have been evaluated through November 5, 2024, which is the date the consolidated financial statements were available to be issued.



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**Note 2. Investments and Investment Return**

Investments are as follows:

	<u>2023</u>	<u>2022</u>
Certificates and investment cash	\$ 2,854	\$ 1,390
Commodities	13	12
Equities		
North America	16,477	14,963
International	8,445	4,938
Government agencies		
North America	4,153	2,015
International	4,305	3,995
Corporate obligations	2,739	123
Foreign municipal obligations	1,254	1,346
Alternative investments	35,994	34,348
	<u>\$ 76,234</u>	<u>\$ 63,130</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 consolidated statement of financial position.

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

	<u>2023</u>	<u>2022</u>
Investment income	\$ 803	\$ 432
Net realized gains	1,696	1,152
Net unrealized gains (losses)	6,203	(6,960)
	<u>\$ 8,702</u>	<u>\$ (5,376)</u>
Total return on investments	<u>\$ 8,702</u>	<u>\$ (5,376)</u>

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**Alternative Investments**

Alternative investments held at December 31, 2023 and 2022 consist of the following:

	<b>2023</b>		
	<b>Fair Value</b>	<b>Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
Fixed income (A)	\$ 563	Daily - Quarterly	0-45 days
Real assets (B)	785	Monthly - Quarterly	30-45 days
Private equity/partnerships (C)	21,496	Not eligible	N/A
Hedge funds (D)	12,530	Monthly - Semi Annually	30-100 days
Emerging markets (E)	620	Monthly - Semi Annually	30-100 days
<b>Total alternative investments</b>	<b>\$ 35,994</b>		

	<b>2022</b>		
	<b>Fair Value</b>	<b>Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
Fixed income (A)	\$ 539	Daily - Quarterly	0-45 days
Real assets (B)	876	Monthly - Quarterly	30-45 days
Private equity/partnerships (C)	18,973	Not eligible	N/A
Hedge funds (D)	13,960	Monthly - Semi Annually	30-100 days
<b>Total alternative investments</b>	<b>\$ 34,348</b>		

Unfunded commitments for private equity/partnerships totaled approximately \$6,105 and \$5,625 at December 31, 2023 and 2022, 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 and can be redeemed for liquidity, rebalancing or other needs of Christel House.
- (B) 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 and can be redeemed for liquidity, rebalancing or other needs of Christel House.
- (C) This category includes limited partnership structured investments ranging from short-term bridge loans, floating rate senior debt loans, real-estate, 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.

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- (D) 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.
- (E) This category includes limited liability companies or revocable trusts that invest in international developed and emerging markets. Investments in this category are open-ended in duration and 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'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, 2023 and 2022, respectively, was:

	<b>2023</b>	<b>2022</b>
	<b>With Donor Restriction</b>	<b>With Donor Restriction</b>
	<u>          </u>	<u>          </u>
Donor-restricted not held in perpetuity	\$ 86	\$ 17
Donor-restricted held in perpetuity	<u>665</u>	<u>665</u>
Total endowment funds	<u>\$ 751</u>	<u>\$ 682</u>

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Changes in endowment net assets for the years ended December 31, 2023 and 2022, respectively, were:

	<b>2023</b>	<b>2022</b>
	<b>With Donor Restriction</b>	<b>With Donor Restriction</b>
Endowment net assets, beginning of year	\$ 682	\$ 785
Investment income	21	15
Net appreciation (depreciation)	66	(100)
Withdrawal per spending policy	(18)	(18)
Endowment net assets, end of year	<u>\$ 751</u>	<u>\$ 682</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, 2023 and 2022, 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, 2023 and 2022, the fund had an original gift value of \$23, a reported fair value of \$18 and was underwater by \$5.

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 twelve 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.

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**Note 4. Contributions Receivable**

	<u>2023</u> <u>With Donor</u> <u>Restriction</u>	<u>2022</u> <u>With Donor</u> <u>Restriction</u>
Due within one year	\$ 7,366	\$ 510
Due in one to five years	328	417
	<u>7,694</u>	<u>927</u>
Discount	<u>(11)</u>	<u>(19)</u>
	<u>\$ 7,683</u>	<u>\$ 908</u>

Discount rates ranged from 1.52% to 4.83% for 2023 and 2022.

**Note 5. Rental Property - Christel House Academy, Inc.**

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. (dba CH Indianapolis). CH Indianapolis is a separately incorporated, not-for-profit organization that is not controlled by CHI. CH Indianapolis receives public support from the State of Indiana as well as contributions from CHI and others. The lease entered into between CHI and CH Indianapolis for the Christel House Academy South facility was 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 CH Indianapolis for this network expansion school.

As discussed in Note 7, 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.

Effective July 1, 2021, CH Indianapolis relocated the operations of Christel House Academy South and DORS South from the CHI owned facility located at 2717 S. East St. to the Indianapolis Public Schools owned Manual High School building (Manual) located at 2405 Madison Avenue, both in Indianapolis, Indiana. The Manual facility is provided to CH Indianapolis rent free under an Innovation School Agreement. Accordingly, the lease entered into between CHI and CH Indianapolis for the Christel House Academy South facility terminated on June 30, 2021. This facility was sold on June 28, 2022, yielding net proceeds after closing costs of \$6,564.

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Property rented to CH Indianapolis for the operation of the charter schools is as follows:

	<u>2023</u>	<u>2022</u>
Buildings	\$ 5,101	\$ 9,280
Land improvements	1,105	2,185
	<u>6,206</u>	<u>11,465</u>
Accumulated depreciation	(1,304)	(2,872)
	<u>4,902</u>	<u>8,593</u>
Land	162	272
	<u>\$ 5,064</u>	<u>\$ 8,865</u>

Future lease payments due from Christel House Academy, Inc. at December 31, 2023 were:

2024	\$ 750
2025	750
2026	750
2027	750
2028	750
Thereafter	<u>7,875</u>
	<u>\$ 11,625</u>

**Note 6. Property and Equipment**

Christel House's property and equipment is as follows:

	<u>2023</u>	<u>2022</u>
Buildings	\$ 7,358	\$ 7,623
Land	1,723	1,581
Leasehold improvements	1,859	1,749
Furniture and equipment	1,710	1,464
Computer hardware and software	3,086	3,114
Books and educational materials	84	85
Motor vehicles	563	538
Work in progress	-	168
	<u>16,383</u>	<u>16,322</u>
Accumulated depreciation	(6,765)	(5,804)
	<u>\$ 9,618</u>	<u>\$ 10,518</u>

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**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 SOFR 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, 2023 and 2022 was 4.73% and 3.59%, respectively. The bonds are guaranteed by the Endless Success Foundation, Inc. through a "Continuing Guarantee Agreement". The agreement is in effect through the term of the loan ending January 1, 2035.

Issuance costs in the amount of \$81 were capitalized during 2015. The issuance costs were fully amortized at December 31, 2022.

On September 1, 2022, Christel House made an advance payment of \$6,502 towards the 2015 bonds.

The future maturities of bonds payable are as follows:

2024	\$	903
2025		927
2026		952
2027		977
2028		1,003
Thereafter		1,301
		<hr/>
	\$	<u>6,063</u>

**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 SOFR 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.

On August 12, 2022, Christel House terminated \$6,502 of the notional amount of the swap agreement. The termination resulted in a gain of \$269.

The fair value of the interest swap rate was an asset of \$172 and \$255 at December 31, 2023 and 2022, respectively. Accordingly, Christel House recognized an unrealized loss of \$83 for the year ended December 31, 2023 and a gain of \$533 for the year ended December 31, 2022, respectively, which is included in the other gains and losses section of the consolidated statements of activities.

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**Note 9. Leases**

***Nature of Leases***

***Operating Lease***

On April 15, 2016, Christel House Mexico (CHM) entered into a lease arrangement for a school facility in Mexico City. This facility allowed CHM 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. The option to extend was exercised on April 1, 2021. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

***Short-Term Leases***

Christel House has a lease for its office space which expired on December 31, 2022. This lease was on a month-to-month basis through March 31, 2024.

***De-Minimis Leases***

On June 21, 2018, Christel House Jamaica (CHJ) entered into a 99-year lease on approximately 12.5 acres of land on which CHJ has constructed and operates a school. The annual lease cost is de minimis.

***Quantitative Disclosures***

The lease cost and other required information for the years ended December 31, 2023 and 2022 are:

	<u>2023</u>	<u>2022</u>
Operating lease cost	\$ 230	\$ 652
Operating cash flows from operating lease	230	652
Remaining lease term	2.25 years	3.25 years
Discount rate	4.22%	4.22%

Future minimum lease payments and reconciliation to the consolidated statement of financial position at December 31, 2023, are as follows:

	<u>Operating Lease</u>
2024	\$ 467
2025	467
2026	116
Total future undiscounted lease payments	<u>1,050</u>
Less interest	<u>43</u>
Lease liabilities	<u>\$ 1,007</u>



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**Note 10. Related Party Transactions**

Endless Success Foundation, Inc. (“ESF”), an organization described in I.R.C. Section 501(c)(3), was founded by Christel DeHaan, CHI’s Founder, in January 2015. ESF reported for federal tax purposes as a “supporting organization” to CHI and other organizations under I.R.C. Section 509(a)(3) for the tax year ending December 31, 2022, and as a private foundation for the tax year ending December 31, 2023. ESF contributed \$15,557 and \$14,293, respectively, to Christel House for the years ended December 31, 2023 and 2022. Additionally, during 2022, Christel House received \$20 in contributions from Ms. DeHaan’s Estate.

As discussed in Note 5, Christel House leases property to CH Indianapolis, and also provides grants to CH Indianapolis for the benefit of several schools operated by CH Indianapolis.

**Note 11. Net Assets**

***Net Assets With Donor Restrictions***

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

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose		
Capital projects	\$ 401	\$ 353
Learning center programs and services	736	615
Nutritional support	99	-
Special projects	634	609
Other programs	1,040	1,166
	<u>2,910</u>	<u>2,743</u>
Subject to the passage of time		
Time restricted pledges and Founder funding	<u>67,746</u>	<u>58,490</u>
Endowments		
Earnings restricted by donors to learning center programs	86	17
Original gift held in perpetuity	665	665
	<u>751</u>	<u>682</u>
	<u>\$ 71,407</u>	<u>\$ 61,915</u>

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.

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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>2023</u>	<u>2022</u>
Satisfaction for specified purpose restrictions		
Capital projects	\$ 217	\$ 877
Learning center programs and services	2,309	1,936
Nutritional support	386	405
Special projects	396	306
Other programs	1,523	1,479
	<u>4,831</u>	<u>5,003</u>
Expiration of time restrictions		
Time restricted pledges and Founder funding	6,549	22,867
Endowments		
Earnings restricted by donors to learning center programs	18	18
	<u>18</u>	<u>18</u>
Net assets released from restriction at December 31	<u>\$ 11,398</u>	<u>\$ 27,888</u>

**Note 12. Liquidity and Availability**

Christel House receives significant contributions from the general public to fund its programs and services. Additionally, as more fully described in the Related Party Transactions (Note 10), CHI's Founder established Endless Success Foundation, Inc. (ESF), an organization described in I.R.C. Section 501(c)(3), in January 2015 for the purpose of making grants to CHI and other organizations. 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 2024 cash needs for expenditures at approximately \$26,376.

As of December 31, 2023, Christel House has unrestricted financial assets available within one year to meet the organization's needs for general expenditures as follows:

	<u>2023</u>	<u>2022</u>
Financial assets		
Cash	\$ 7,480	\$ 14,223
Investments	14,079	6,710
Accounts receivable	378	178
	<u>21,937</u>	<u>21,111</u>
Financial assets available to meet cash needs within one year	<u>\$ 21,937</u>	<u>\$ 21,111</u>

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, 2023.

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**Note 13. Contributed Nonfinancial Assets**

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the consolidated statement of activities included:

	<u>2023</u>	<u>2022</u>
Computer equipment	\$ 123	\$ 674
School facility rent	559	366
Course materials and supplies	100	63
Nutrition	29	52
Advertising	41	42
Inventory	28	-
Other	43	65
	<u>\$ 923</u>	<u>\$ 1,262</u>

The nonfinancial assets listed above were recognized within revenue as in-kind contributions. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

***Computer Equipment***

Computer equipment is utilized for student and staff technology needs and enhancements. The computer equipment was utilized for primarily program activities and is valued at the estimated fair value to acquire similar equipment.

***School Facility Rent***

School facility rent related to Christel House India's school in Atal Nagar, India. On November 3, 2014, Christel House India entered into an agreement with the Atal Nagar Development Authority (ANDA) of the government of Chhattigarh, India whereby ANDA constructed a school facility for use by Christel House India in operating Christel House Atal Nagar. The agreement is for a term of 20 years, renewable for additional terms of 5 years, on terms and conditions mutually agreeable to the parties. Under this agreement, the facilities are provided at no-cost to Christel House India. The facility is utilized for program and management and general activities. CHI estimated the value of the donated facility on the basis of comparable rentals in Atal Nagar.

Christel House Jamaica receives use of land as part of a below market, long-term lease arrangement, the value of this arrangement is not reflected in the consolidated financial statements due to immateriality.

***Course Materials and Supplies***

Donations are utilized to reduce cash expenditures for student for course supplies and were utilized for primarily program activities and are valued at the estimated fair value to acquire similar material and supplies.

***Nutrition***

Nutrition donations are utilized to reduce cash expenditures for student nutritional needs and were utilized for program activities and are valued at the estimated fair value to acquire similar goods.

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***Advertising***

Advertising is utilized for full page or digital ads through timeshare magazines, with the goal to increase outreach in this industry. Advertising is primarily related to fundraising activities and is valued at the estimated fair value of the advertising received, i.e. what it would cost to pay for similar advertising based upon market data.

***Inventory***

Inventory donations are utilized to increase cash revenues used for program activities. Inventory includes donations received and sold and are valued at the dollar amount of the sale.

***Other Contributed Items***

Other contributed items were utilized for program, management and general and fundraising activities and are valued at their estimated fair value to purchase on a stand-alone basis.

**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

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 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, 2023.

***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.

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***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.

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying 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, 2023 and 2022:

	2023				Investments Measured at NAV <sup>(A)</sup>
	Fair Value	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Cash equivalents					
Money market mutual funds	\$ 6,302	\$ 6,302	\$ -	\$ -	\$ -
Investments					
Certificates and investment cash	2,854	2,854	-	-	-
Commodities	13	13	-	-	-
Equities					
North America	16,477	16,477	-	-	-
International	8,445	8,445	-	-	-
Government agencies					
North America	4,153	4,153	-	-	-
International	4,305	4,305	-	-	-
Corporate obligations	2,739	-	2,739	-	-
Foreign municipal obligations	1,254	-	1,254	-	-
Alternative investments					
Fixed income	563	-	563	-	-
Real assets	785	-	-	-	785
Private equity/partnerships	21,496	-	-	-	21,496
Hedge funds	12,530	-	-	-	12,530
Emerging Markets	620	-	-	-	620
Total investments	<u>76,234</u>	<u>36,247</u>	<u>4,556</u>	<u>-</u>	<u>35,431</u>
Interest rate swap	172	-	172	-	-
Total assets	<u>\$ 82,708</u>	<u>\$ 42,549</u>	<u>\$ 4,728</u>	<u>\$ -</u>	<u>\$ 35,431</u>

**Christel House International, Inc. and Affiliates**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**  
**(Amounts in Thousands)**

	2022				
	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	\$ 15,603	\$ 15,603	\$ -	\$ -	\$ -
Investments					
Certificates and investment cash	1,390	1,390	-	-	-
Commodities	12	12	-	-	-
Equities					
North America	14,963	14,963	-	-	-
International	4,938	4,938	-	-	-
Government agencies					
North America	2,015	2,015	-	-	-
International	3,995	3,995	-	-	-
Corporate obligations	123	-	123	-	-
Foreign municipal obligations	1,346	-	1,346	-	-
Alternative investments					
Fixed income	539	-	539	-	-
Real assets	876	-	-	-	876
Private equity/partnerships	18,973	-	-	-	18,973
Hedge funds	13,960	-	-	-	13,960
Total investments	<u>63,130</u>	<u>27,313</u>	<u>2,008</u>	<u>-</u>	<u>33,809</u>
Interest rate swap	<u>255</u>	<u>-</u>	<u>255</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 78,988</u>	<u>\$ 42,916</u>	<u>\$ 2,263</u>	<u>\$ -</u>	<u>\$ 33,809</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 consolidated statement of financial position.

**Note 15. Concentrations**

Christel House received approximately 65% and 64% of its contribution revenue from the Founder and ESF in 2023 and 2022, respectively (see Note 10).

***Supplementary Information***

**Christel House International, Inc. and Affiliates**  
**Consolidating Statement of Financial Position**  
**December 31, 2023**  
**(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	\$ 5,803	\$ 21	\$ 53	\$ 11	\$ 961	\$ 590	\$ 41	\$ -	\$ 7,480
With donor restriction	847	-	-	-	422	27	45	-	1,341
Investments									
Without donor restriction	6,195	7,627	191	-	66	-	-	-	14,079
With donor restriction	61,416	582	40	-	117	-	-	-	62,155
Accounts receivable									
Without donor restrictions	82	16	161	-	44	68	7	-	378
With donor restrictions	-	-	-	-	6	-	-	-	6
Contributions receivable, with donor restriction	7,268	-	-	-	399	-	16	-	7,683
Other assets									
Without donor restrictions	340	90	67	21	69	2	-	-	589
Right-of-use asset - operating lease	-	1,007	-	-	-	-	-	-	1,007
Interest rate swap	172	-	-	-	-	-	-	-	172
Rental property - Christel House Academy									
Without donor restriction	4,842	-	-	-	-	-	-	-	4,842
With donor restriction	222	-	-	-	-	-	-	-	222
Property and equipment	38	499	1,011	94	2,359	5,617	-	-	9,618
<b>Total Assets</b>	<b>\$ 87,225</b>	<b>\$ 9,842</b>	<b>\$ 1,523</b>	<b>\$ 126</b>	<b>\$ 4,443</b>	<b>\$ 6,304</b>	<b>\$ 109</b>	<b>\$ -</b>	<b>\$ 109,572</b>
<b>Liabilities</b>									
Accounts payable	\$ 260	\$ 11	\$ 13	\$ 2	\$ 48	\$ 25	\$ -	\$ -	\$ 359
Accrued payroll and other									
Without donor restriction	1,082	862	142	196	397	-	2	-	2,681
Operating lease liability	-	1,007	-	-	-	-	-	-	1,007
Bonds payable, net of bond issue costs	6,063	-	-	-	-	-	-	-	6,063
<b>Total Liabilities</b>	<b>7,405</b>	<b>1,880</b>	<b>155</b>	<b>198</b>	<b>445</b>	<b>25</b>	<b>2</b>	<b>-</b>	<b>10,110</b>
<b>Net Assets</b>									
Without donor restriction	10,067	7,380	1,328	(72)	3,054	6,252	46	-	28,055
With donor restriction	69,753	582	40	-	944	27	61	-	71,407
<b>Total Net Assets</b>	<b>79,820</b>	<b>7,962</b>	<b>1,368</b>	<b>(72)</b>	<b>3,998</b>	<b>6,279</b>	<b>107</b>	<b>-</b>	<b>99,462</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 87,225</b>	<b>\$ 9,842</b>	<b>\$ 1,523</b>	<b>\$ 126</b>	<b>\$ 4,443</b>	<b>\$ 6,304</b>	<b>\$ 109</b>	<b>\$ -</b>	<b>\$ 109,572</b>



**Christel House International, Inc. and Affiliates**  
**Consolidating Statement of Financial Position**  
**December 31, 2022**  
**(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	\$ 12,385	\$ 73	\$ 62	\$ 17	\$ 995	\$ 676	\$ 15	\$ -	\$ 14,223
With donor restriction	3,792	29	-	-	502	21	16	-	4,360
Investments									
Without donor restriction	-	6,433	212	-	65	-	-	-	6,710
With donor restriction	55,818	397	77	-	128	-	-	-	56,420
Accounts receivable									
Without donor restriction	63	-	-	-	75	40	-	-	178
With donor restriction	-	-	-	-	5	-	-	-	5
Contributions receivable, with donor restriction	621	-	-	-	257	-	30	-	908
Other assets									
Without donor restrictions	72	74	187	18	42	-	-	-	393
Right-of-use asset - operating lease	-	1,237	-	-	-	-	-	-	1,237
Interest rate swap	255	-	-	-	-	-	-	-	255
Rental property - Christel House Academy									
Without donor restriction	8,643	-	-	-	-	-	-	-	8,643
With donor restriction	222	-	-	-	-	-	-	-	222
Property and equipment	29	509	1,077	114	2,863	5,926	-	-	10,518
<b>Total Assets</b>	<b>\$ 81,900</b>	<b>\$ 8,752</b>	<b>\$ 1,615</b>	<b>\$ 149</b>	<b>\$ 4,932</b>	<b>\$ 6,663</b>	<b>\$ 61</b>	<b>\$ -</b>	<b>\$ 104,072</b>
<b>Liabilities</b>									
Accounts payable	\$ 135	\$ 2	\$ 15	\$ 5	\$ 14	\$ 9	\$ -	\$ -	\$ 180
Accrued payroll and other									
Without donor restriction	849	618	134	138	383	170	-	-	2,292
Operating lease liability	-	1,237	-	-	-	-	-	-	1,237
Bonds payable, net of bond issue costs	6,943	-	-	-	-	-	-	-	6,943
<b>Total Liabilities</b>	<b>7,927</b>	<b>1,857</b>	<b>149</b>	<b>143</b>	<b>397</b>	<b>179</b>	<b>-</b>	<b>-</b>	<b>10,652</b>
<b>Net Assets</b>									
Without donor restriction	13,520	6,469	1,389	6	3,643	6,463	15	-	31,505
With donor restriction	60,453	426	77	-	892	21	46	-	61,915
<b>Total Net Assets</b>	<b>73,973</b>	<b>6,895</b>	<b>1,466</b>	<b>6</b>	<b>4,535</b>	<b>6,484</b>	<b>61</b>	<b>-</b>	<b>93,420</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 81,900</b>	<b>\$ 8,752</b>	<b>\$ 1,615</b>	<b>\$ 149</b>	<b>\$ 4,932</b>	<b>\$ 6,663</b>	<b>\$ 61</b>	<b>\$ -</b>	<b>\$ 104,072</b>

**Christel House International, Inc. and Affiliates**  
**Consolidating Statement of Activities**  
**Year Ended December 31, 2023**  
**(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	\$ 1,699	\$ 1,451	\$ 183	\$ -	\$ 875	\$ 3	\$ 49	\$ -	\$ 4,260
Affiliate funding	15,557	-	-	-	-	-	-	-	15,557
Direct contributions	210	164	65	16	534	118	15	(1,122)	-
CHI funding	-	2,502	563	920	2,185	1,839	82	(8,091)	-
In-kind contributions	68	57	28	559	195	16	-	-	923
Special events	254	9	48	-	9	-	-	-	320
Grants	57	152	1,437	-	791	220	37	-	2,694
Investment income	683	2	28	-	74	-	16	-	803
Rental income - Christel House Academy	750	-	-	-	-	-	-	-	750
Other	6	20	-	-	17	2	-	-	45
<b>Total Revenue, Gains and Other Support</b>	<b>19,284</b>	<b>4,357</b>	<b>2,352</b>	<b>1,495</b>	<b>4,680</b>	<b>2,198</b>	<b>199</b>	<b>(9,213)</b>	<b>25,352</b>
<b>Expenses</b>									
Program services									
Grants	10,386	-	-	-	-	-	112	(9,213)	1,285
Academics	3,842	3,717	1,977	1,481	4,311	1,915	-	-	17,243
	14,228	3,717	1,977	1,481	4,311	1,915	112	(9,213)	18,528
Management and general	1,822	509	222	89	186	182	22	-	3,032
Fundraising	1,307	481	229	-	382	106	21	-	2,526
<b>Total Expenses</b>	<b>17,357</b>	<b>4,707</b>	<b>2,428</b>	<b>1,570</b>	<b>4,879</b>	<b>2,203</b>	<b>155</b>	<b>(9,213)</b>	<b>24,086</b>
<b>Change in Net Assets Before Other Gains and Losses</b>	<b>1,927</b>	<b>(350)</b>	<b>(76)</b>	<b>(75)</b>	<b>(199)</b>	<b>(5)</b>	<b>44</b>	<b>-</b>	<b>1,266</b>
<b>Other Gains and Losses</b>									
Gain (loss) on sale of property	-	-	-	-	(15)	-	-	-	(15)
Write-down on property	(3,460)	-	-	-	-	-	-	-	(3,460)
Realized gain on investments	1,586	110	-	-	-	-	-	-	1,696
Unrealized loss on investments	5,877	326	-	-	-	-	-	-	6,203
Unrealized loss on interest rate swap	(83)	-	-	-	-	-	-	-	(83)
Foreign currency translation adjustment	-	981	(22)	(3)	(323)	(200)	2	-	435
<b>Change in Net Assets</b>	<b>5,847</b>	<b>1,067</b>	<b>(98)</b>	<b>(78)</b>	<b>(537)</b>	<b>(205)</b>	<b>46</b>	<b>-</b>	<b>6,042</b>
<b>Net Assets, Beginning of Year</b>	<b>73,973</b>	<b>6,895</b>	<b>1,466</b>	<b>6</b>	<b>4,535</b>	<b>6,484</b>	<b>61</b>	<b>-</b>	<b>93,420</b>
<b>Net Assets, End of Year</b>	<b>\$ 79,820</b>	<b>\$ 7,962</b>	<b>\$ 1,368</b>	<b>\$ (72)</b>	<b>\$ 3,998</b>	<b>\$ 6,279</b>	<b>\$ 107</b>	<b>\$ -</b>	<b>\$ 99,462</b>

**Christel House International, Inc. and Affiliates**  
**Consolidating Statement of Activities**  
**Year Ended December 31, 2022**  
**(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	\$ 2,010	\$ 1,076	\$ 140	\$ -	\$ 798	\$ 8	\$ 49	\$ -	\$ 4,081
Founder funding	20	-	-	-	-	-	-	-	20
Affiliate funding	14,293	-	-	-	-	-	-	-	14,293
Direct contributions	125	124	107	-	492	147	23	(1,018)	-
CHI funding	-	1,880	919	783	2,263	2,227	37	(8,109)	-
In-kind contributions	53	31	18	366	784	10	-	-	1,262
Special events	325	7	49	-	13	-	43	-	437
Grants	70	73	1,116	-	697	171	7	-	2,134
Investment income	353	-	24	-	55	-	-	-	432
Rental income - Christel House Academy	750	-	-	-	-	-	-	-	750
Other	14	19	-	1	9	-	-	-	43
<b>Total Revenue, Gains and Other Support</b>	<b>18,013</b>	<b>3,210</b>	<b>2,373</b>	<b>1,150</b>	<b>5,111</b>	<b>2,563</b>	<b>159</b>	<b>(9,127)</b>	<b>23,452</b>
<b>Expenses</b>									
Program services									
Grants	10,441	-	-	-	-	-	183	(9,127)	1,497
Academics	4,149	3,048	1,857	1,163	4,531	1,753	-	-	16,501
	14,590	3,048	1,857	1,163	4,531	1,753	183	(9,127)	17,998
Management and general	1,272	186	199	80	198	145	26	-	2,106
Fundraising	1,342	327	248	-	351	89	5	-	2,362
<b>Total Expenses</b>	<b>17,204</b>	<b>3,561</b>	<b>2,304</b>	<b>1,243</b>	<b>5,080</b>	<b>1,987</b>	<b>214</b>	<b>(9,127)</b>	<b>22,466</b>
<b>Change in Net Assets Before Other Gains and Losses</b>	<b>809</b>	<b>(351)</b>	<b>69</b>	<b>(93)</b>	<b>31</b>	<b>576</b>	<b>(55)</b>	<b>-</b>	<b>986</b>
<b>Other Gains and Losses</b>									
Gain (loss) on sale of property	20	-	(3)	-	(34)	(2)	-	-	(19)
Realized gain on investments	974	178	-	-	-	-	-	-	1,152
Realized gain on interest rate swap	269	-	-	-	-	-	-	-	269
Unrealized loss on investments	(6,708)	(252)	-	-	-	-	-	-	(6,960)
Unrealized gain on interest rate swap	533	-	-	-	-	-	-	-	533
Foreign currency translation adjustment	-	342	(140)	(31)	(277)	70	(13)	-	(49)
<b>Change in Net Assets</b>	<b>(4,103)</b>	<b>(83)</b>	<b>(74)</b>	<b>(124)</b>	<b>(280)</b>	<b>644</b>	<b>(68)</b>	<b>-</b>	<b>(4,088)</b>
<b>Net Assets, Beginning of Year</b>	<b>78,076</b>	<b>6,978</b>	<b>1,540</b>	<b>130</b>	<b>4,815</b>	<b>5,840</b>	<b>129</b>	<b>-</b>	<b>97,508</b>
<b>Net Assets, End of Year</b>	<b>\$ 73,973</b>	<b>\$ 6,895</b>	<b>\$ 1,466</b>	<b>\$ 6</b>	<b>\$ 4,535</b>	<b>\$ 6,484</b>	<b>\$ 61</b>	<b>\$ -</b>	<b>\$ 93,420</b>