




Christel House International, Inc. and Affiliates

**Independent Auditor's Report and Combined and
Consolidated Financial Statements**

December 31, 2022 and 2021



Christel House International, Inc. and Affiliates

December 31, 2022 and 2021

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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

Opinion

We have audited the 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, 2022 and 2021, 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.

In our opinion, the accompanying combined and consolidated financial statements present fairly, in all material respects, the combined and consolidated financial position of Christel House International, Inc. and Affiliates as of December 31, 2022 and 2021, 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 Combined and 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 Combined and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the combined and 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 combined and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined and 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 combined and consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined and 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 combined and 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 combined and 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 combined and 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 combined and 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 combined and consolidated financial statements as a whole. The combining and 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 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 basic combined and consolidated financial statements.

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

FORVIS,LLP

Indianapolis, Indiana
August 15, 2023

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Financial Position
December 31, 2022 and 2021
(Amounts in Thousands)

	2022	2021
Assets		
Cash and cash equivalents		
Without donor restriction	\$ 14,223	\$ 10,767
With donor restriction	4,360	7,095
Total cash and cash equivalents	18,583	17,862
Investments		
Without donor restriction	6,710	6,623
With donor restriction	56,420	62,010
Total investments	63,130	68,633
Accounts receivable		
Without donor restriction	178	108
With donor restriction	5	4
Assets held for sale	-	6,544
Contributions receivable with donor restriction	908	1,542
Other assets	393	314
Right-of-use asset - operating lease	1,237	-
Interest rate swap	255	-
Rental property - Christel House Academy		
Without donor restriction	8,643	8,985
With donor restriction	222	222
Property and equipment, net	10,518	10,030
Total Assets	\$ 104,072	\$ 114,244
Liabilities		
Accounts payable	\$ 180	\$ 238
Accrued payroll and other		
Without donor restriction	2,292	1,736
With donor restriction	-	2
Accrued program grants	-	204
Operating lease liability	1,237	-
Interest rate swap	-	278
Bonds payable, net of bond issue costs	6,943	14,278
Total Liabilities	10,652	16,736
Net Assets		
Without donor restriction	31,505	26,637
With donor restriction	61,915	70,871
Total Net Assets	93,420	97,508
Total Liabilities and Net Assets	\$ 104,072	\$ 114,244

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Activities
Years Ended December 31, 2022 and 2021
(Amounts in Thousands)

	2022		Total
	Without Donor Restriction	With Donor Restriction	
Revenue, Gains and Other Support			
Contributions	\$ 876	\$ 3,205	\$ 4,081
Founder funding	20	-	20
Supporting organization funding	-	14,293	14,293
In-kind contributions	1,252	10	1,262
Special events (net of expenses of \$101 and \$23)	337	100	437
Grant income	727	1,407	2,134
Investment income	406	26	432
Rental income - Christel House Academy	750	-	750
Other	43	-	43
	<u>4,411</u>	<u>19,041</u>	<u>23,452</u>
Net assets released from restrictions	27,888	(27,888)	-
Total Revenue, Gains and Other Support	<u>32,299</u>	<u>(8,847)</u>	<u>23,452</u>
Expenses			
Program services			
Grants	1,497	-	1,497
Academics	16,501	-	16,501
	<u>17,998</u>	<u>-</u>	<u>17,998</u>
Management and general	2,106	-	2,106
Fundraising	2,362	-	2,362
Total Expenses	<u>22,466</u>	<u>-</u>	<u>22,466</u>
Change in Net Assets Before Other Gains and Losses	9,833	(8,847)	986
Other Gains and Losses			
Loss on sale of property	(19)	-	(19)
Write-down on assets held for sale	-	-	-
Realized gain (loss) on investments	1,154	(2)	1,152
Realized gain on interest rate swaps	269	-	269
Unrealized gain (loss) on investments	(6,853)	(107)	(6,960)
Unrealized gain on interest rate swap	533	-	533
Foreign currency translation adjustment	(49)	-	(49)
	<u>(49)</u>	<u>-</u>	<u>(49)</u>
Change in Net Assets	4,868	(8,956)	(4,088)
Net Assets, Beginning of Year	<u>26,637</u>	<u>70,871</u>	<u>97,508</u>
Net Assets, End of Year	<u>\$ 31,505</u>	<u>\$ 61,915</u>	<u>\$ 93,420</u>

2021		
Without Donor Restriction	With Donor Restriction	Total
\$ 1,516	\$ 3,605	\$ 5,121
264	-	264
-	10,837	10,837
970	44	1,014
369	64	433
839	963	1,802
98	42	140
1,354	-	1,354
23	-	23
<u>5,433</u>	<u>15,555</u>	<u>20,988</u>
<u>4,347</u>	<u>(4,347)</u>	<u>-</u>
<u>9,780</u>	<u>11,208</u>	<u>20,988</u>
1,287	-	1,287
<u>14,529</u>	<u>-</u>	<u>14,529</u>
15,816	-	15,816
1,832	-	1,832
<u>2,387</u>	<u>-</u>	<u>2,387</u>
<u>20,035</u>	<u>-</u>	<u>20,035</u>
(10,255)	11,208	953
(18)	-	(18)
(5,093)	-	(5,093)
2,894	8	2,902
-	-	-
8,163	36	8,199
467	-	467
<u>(1,134)</u>	<u>-</u>	<u>(1,134)</u>
(4,976)	11,252	6,276
<u>31,613</u>	<u>59,619</u>	<u>91,232</u>
<u>\$ 26,637</u>	<u>\$ 70,871</u>	<u>\$ 97,508</u>

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

	Program Service Expenses			Supporting Services		Total Expenses
	Grants	Academics	Total Program Services	Management and General	Fundraising	
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
Total Expenses	\$ 1,497	\$ 16,501	\$ 17,998	\$ 2,106	\$ 2,362	\$ 22,466

Christel House International, Inc. and Affiliates
Combined and Consolidated Statement of Functional Expenses
Year Ended December 31, 2021
(Amounts in Thousands)

	Program Service Expenses			Supporting Services		Total Expenses
	Grants	Academics	Total Program Services	Management and General	Fundraising	
Salaries and benefits	\$ -	\$ 7,935	\$ 7,935	\$ 1,283	\$ 1,781	\$ 10,999
Direct grants	1,287	-	1,287	-	-	1,287
Outside services	-	389	389	253	104	746
Course materials/supplies	-	921	921	-	-	921
Medicine/laboratories	-	14	14	-	-	14
Nutritional support	-	912	912	-	-	912
Sales and marketing	-	17	17	-	224	241
Travel and entertainment	-	19	19	13	37	69
Vehicle/transportation expense	-	581	581	1	1	583
Rent and facilities	-	1,449	1,449	129	122	1,700
Expenses on assets held for sale	-	168	168	-	-	168
Depreciation and amortization	-	1,515	1,515	20	4	1,539
Interest expense/bond fees	-	373	373	-	-	373
Unrelated business taxes on investments	-	-	-	3	-	3
Other	-	236	236	130	114	480
Total Expenses	\$ 1,287	\$ 14,529	\$ 15,816	\$ 1,832	\$ 2,387	\$ 20,035

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Cash Flows
Years Ended December 31, 2022 and 2021
(Amounts in Thousands)

	2022	2021
Operating Activities		
Change in net assets	\$ (4,088)	\$ 6,276
Items not requiring (providing) cash		
Depreciation	1,318	1,531
Noncash operating lease expense	652	-
Amortization of bond issue costs	25	8
Foreign currency translation adjustment	49	1,134
Realized gain on investments	(1,152)	(2,902)
Realized gain on interest rate agreement	(269)	-
Unrealized (gain) loss on investments	6,960	(8,199)
Unrealized gain on interest rate swap	(533)	(467)
Write-down on assets held for sale	-	5,093
Loss on sale of property	19	18
Changes in		
Accounts receivable	(71)	37
Contributions receivable	634	121
Other assets	(79)	31
Accounts payable	(58)	(357)
Accrued payroll and other	554	(20)
Operating lease liability	(652)	-
Accrued program grant	(204)	(5,296)
Net Cash Provided by (Used in) Operating Activities	3,105	(2,992)
Investing Activities		
Purchase of investments	(10,326)	(7,332)
Proceeds from sale of investments	10,290	9,509
Proceeds from sale of property and equipment	6,603	-
Purchase of property and equipment	(1,666)	(1,075)
Net Cash Provided by Investing Activities	4,901	1,102
Financing Activity - Bond principal payments	(7,360)	(834)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	75	(418)
Net Increase (Decrease) in Cash and Cash Equivalents	721	(3,142)
Cash and Cash Equivalents, Beginning of Year	17,862	21,004
Cash and Cash Equivalents, End of Year	\$ 18,583	\$ 17,862
Supplemental Cash Flows Information		
Interest paid	\$ 294	\$ 370
Right-of-use asset obtained in exchange for operating lease liability upon adoption of ASC 842	1,888,538	-

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

December 31, 2022 and 2021

(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, Jamaica and the United States and currently serves over 6,600 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, 2022 and 2021

(Amounts in Thousands)

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

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

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

Each of the entities is a separately incorporated not-for-profit organization and is governed by a board of directors within its respective country. CHI has an economic interest in all of these entities and has control over 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 these organizations are not under the control of CHI within the meaning of FASB ASC Topic 958, *Not-For-Profit Entities*.

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

Cash and Cash Equivalents

Christel House considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2022 and 2021, cash equivalents consisted primarily of money market funds.

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

At December 31, 2022, CHI's cash accounts exceeded federally insured limits by approximately \$15,452. Additionally, at December 31, 2022, funds held outside the United States were \$2,406 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.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2022 and 2021
(Amounts in Thousands)

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 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 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:

	Years
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. Christel House recognized a loss of \$5,093 related to assets held for sale during 2021. No asset impairment was recognized during the year ended December 31, 2022.

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.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2022 and 2021
(Amounts in Thousands)

Contributions

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

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

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

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

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 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.

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

December 31, 2022 and 2021

(Amounts in Thousands)

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 combined and consolidated financial statements, and similarly increase contribution revenue by a like amount.

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 year end are retranslated at the approximate rates of exchange at that date. Gains and losses relating to foreign currency translations are recorded in the combined and consolidated statements of activities as a component of the change in net assets. The combined and consolidated financial statements include foreign affiliates. Their assets and liabilities are translated into US Dollars at the exchange rate in effect at the statement of financial position date. Revenues and expenses are translated at the average exchange rate during the year.

Income Taxes

Christel House International, Inc., a public charity, is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar provision of state law. Christel House de Mexico, A.C., Christel House Europe, Christel House South Africa, Christel House India and Christel House Jamaica are also tax-exempt entities.

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. 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 fund raising 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, 2022 and 2021
(Amounts in Thousands)

Subsequent Events

Subsequent events have been evaluated through August 15, 2023, which is the date the combined and consolidated financial statements were available to be issued.

Note 2: Investments and Investment Return

Investments are as follows:

	<u>2022</u>	<u>2021</u>
Certificates and investment cash	\$ 1,390	\$ 1,488
Commodities	12	-
Equities		
North America	14,963	17,554
International	4,938	6,358
Government agencies		
North America	2,015	1,242
International	3,995	4,177
Corporate obligations	123	210
Foreign municipal obligations	1,346	861
Alternative investments	<u>34,348</u>	<u>36,743</u>
	<u>\$ 63,130</u>	<u>\$ 68,633</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 combined and consolidated statement of financial position.

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

	<u>2022</u>	<u>2021</u>
Investment income	\$ 432	\$ 140
Net realized gains	1,152	2,902
Net unrealized gains (losses)	<u>(6,960)</u>	<u>8,199</u>
Total return on investments	<u>\$ (5,376)</u>	<u>\$ 11,241</u>

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2022 and 2021
(Amounts in Thousands)

Alternative Investments

Alternative investments held at December 31, 2022 and 2021 consist of the following:

	2022		
	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
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)	<u>13,960</u>	Monthly - Semi Annually	30-100 days
Total alternative investments	<u><u>\$ 34,348</u></u>		

	2021		
	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Fixed income (A)	\$ 417	Daily - Quarterly	0-45 days
International equity	-	Monthly	30 days
Real assets (B)	813	Monthly - Quarterly	30-45 days
Private equity/partnerships (C)	20,516	Not eligible	N/A
Hedge funds (D)	<u>14,997</u>	Monthly - Semi Annually	30-100 days
Total alternative investments	<u><u>\$ 36,743</u></u>		

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

December 31, 2022 and 2021

(Amounts in Thousands)

Unfunded commitments for private equity/partnerships totaled approximately \$5,625 and \$6,078 at December 31, 2022 and 2021, respectively.

- (A) This category includes investments in emerging market debt, US high yield debt and money market instruments. Investments in this category are open-ended in duration but can be redeemed for liquidity, rebalancing or other needs of Christel House.
- (B) This category includes multiple real assets including a diversified open-end real estate fund, master limited partnership (MLP) and investments in liquid and illiquid commodity markets focused on energy, metals and agriculture. Investments in this category are open-ended in duration but can be redeemed for liquidity, rebalancing or other needs of Christel House.
- (C) 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.
- (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.

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.

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The composition of net assets by type of endowment at December 31, 2022 and 2021, respectively, was:

	2022	2021
	With Donor Restriction	With Donor Restriction
Donor-restricted not held in perpetuity	\$ 17	\$ 120
Donor-restricted held in perpetuity	<u>665</u>	<u>665</u>
Total endowment funds	<u>\$ 682</u>	<u>\$ 785</u>

Changes in endowment net assets for the years ended December 31, 2022 and 2021, respectively, were:

	2022	2021
	With Donor Restriction	With Donor Restriction
Endowment net assets, beginning of year	\$ 785	\$ 498
Contributions	-	250
Investment income	15	17
Net appreciation (depreciation)	(100)	36
Withdrawal per spending policy	<u>(18)</u>	<u>(16)</u>
Endowment net assets, end of year	<u>\$ 682</u>	<u>\$ 785</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, 2022 and 2021, 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, 2022 and 2021, the fund had an original gift value of \$23, a reported fair value of \$18 and \$20 and was underwater by \$5 and \$3, respectively.

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

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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.

Note 4: Contributions Receivable

	2022	2021
	With Donor Restriction	With Donor Restriction
Due within one year	\$ 509	\$ 829
Due in one to five years	417	736
	926	1,565
Discount	(19)	(23)
	\$ 908	\$ 1,542

Discount rates ranged from 0.79% to 3.46% for 2022 and 2021.

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. (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 was for a term of 25 years commencing on July 1, 2009.

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During 2015, CHI completed construction of a Christel House Academy West also located in Indianapolis. Total construction cost was approximately \$11,500. Effective August 1, 2014, CHI entered into a 25-year lease with the Academy for this network expansion school.

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

Effective July 1, 2021, Christel House Academy, Inc. 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 the Academy rent free under an Innovation School Agreement. Accordingly, the lease entered into between CHI and the Academy 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.

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

	2022	2021
Buildings	\$ 9,280	\$ 9,280
Land improvements	2,185	2,185
	11,465	11,465
Accumulated depreciation	(2,872)	(2,530)
	8,593	8,935
Land	272	272
	\$ 8,865	\$ 9,207

Future lease payments due from Christel House Academy, Inc. at December 31, 2022 were:

2023	\$ 750
2024	750
2025	750
2026	750
2027	750
Thereafter	8,625
	\$ 12,375

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Note 6: Property and Equipment

Christel House's property and equipment is as follows:

	2022	2021
Buildings	\$ 7,623	\$ 7,541
Land	1,581	1,305
Leasehold improvements	1,749	1,729
Furniture and equipment	1,464	1,556
Computer hardware and software	3,114	3,012
Books and educational materials	85	66
Motor vehicles	538	506
Work in progress	168	7
	<u>16,322</u>	<u>15,722</u>
Accumulated depreciation	<u>(5,804)</u>	<u>(5,692)</u>
	<u>\$ 10,518</u>	<u>\$ 10,030</u>

Note 7: Bonds Payable

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

Principal on this loan is due annually on March 2 and interest is due monthly on the first day of each month. The bonds bear interest at the initial bank purchase mode through 2025. The interest under the initial bank purchase mode is equal to 70% of the one-month LIBOR plus 90 basis points. At the conclusion of the initial bank purchase mode, it may be converted to a new bank purchase mode term for an additional period of 10 years or any other duration agreed to. The interest rate in effect at December 31, 2022 and 2021 was 3.59% and 0.97%, 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. Unamortized issuance costs as of December 31, 2021 were \$25 and are included in bonds payable. 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.

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The future maturities of bonds payable are as follows:

2023	\$	880
2024		903
2025		927
2026		952
2027		977
Thereafter		2,304
	\$	6,943

Note 8: Interest Rate Swap

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

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 \$255 at December 31, 2022 and a liability of \$278 at December 31, 2021. Accordingly, Christel House recognized an unrealized gain of \$533 and \$467 for the years ended December 31, 2022 and 2021, respectively, which is included in the other gains and losses section of the combined and consolidated statements of activities.

Note 9: Leases

Change in Accounting Principle

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount and timing of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under ASC 840 option.

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Christel House adopted Topic 842 on January 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. Christel House elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. Christel House has lease agreements with nonlease components that relate to the lease components. Christel House elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component. Also, Christel House elected to keep short-term leases with an initial term of 12 months or less off the balance sheet. Christel House did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2022.

The most significant impact of adoption was the recognition of operating lease ROU asset and operating lease liability of \$1,888,538. The standard did not significantly affect the combined and consolidated statements of activities or cash flows.

Accounting Policies

Christel House determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the combined and 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 combined and consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

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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 is now on a month-to-month basis.

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 learning center. The annual lease cost is de minimis.

Quantitative Disclosures

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

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

Future minimum lease payments and reconciliation to the combined and consolidated statement of financial position at December 31, 2022, are as follows:

	<u>Operating Lease</u>
2023	\$ 407
2024	407
2025	407
2026	102
Total future undiscounted lease payments	<u>1,323</u>
Less interest	<u>86</u>
Lease liabilities	<u>\$ 1,237</u>

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Future minimum lease payments at December 31, 2021, were:

2022	\$	622
2023		455
2024		444
2025		444
2026		112
		112
	\$	2,077

Rent expense for the year ended December 31, 2021 was \$800.

Note 10: Related Party Transactions

Endless Success Foundation, Inc. (“ESF”) was founded by Christel DeHaan, CHI’s Founder, in January 2015. ESF exists as a supporting organization for the benefit of Christel House International, Inc. and other organizations. ESF contributed \$14,293 and \$10,837, respectively, to Christel House for the years ended December 31, 2022 and 2021. Additionally, during 2022 and 2021, Christel House received \$20 and \$264, respectively, in contributions from Ms. DeHaan’s Estate.

In 2022 and 2021, Christel House expensed \$4,033 and \$3,209, respectively, in payroll related costs that were originally paid by CD Enterprises, Ltd. (CDE), a related party. Included in these expenses was \$194 and \$167 for CHI employer contributions to CDE’s 401(k) plan for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2022 and 2021, CHI had an outstanding liability balance of \$746 and \$598, respectively, related to these payroll costs, which is included in accrued payroll and other on the combined and consolidated statements of financial position.

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

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Note 11: Net Assets

Net Assets With Donor Restrictions

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

	2022	2021
Capital projects	\$ 353	\$ 992
Learning center programs and services	615	874
Nutritional support	-	3
Special projects	609	379
Other programs	1,166	903
	<u>2,743</u>	<u>3,151</u>
Subject to the passage of time		
Time restricted pledges and Founder funding	<u>58,490</u>	<u>66,935</u>
Endowments		
Earnings restricted by donors to learning center programs	17	120
Original gift held in perpetuity	665	665
	<u>682</u>	<u>785</u>
	<u>\$ 61,915</u>	<u>\$ 70,871</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.

	2022	2021
Satisfaction for specified purpose restrictions		
Capital projects	\$ 877	\$ 685
Learning center programs and services	1,936	2,111
Nutritional support	405	253
Special projects	306	258
Other programs	1,479	629
	5,003	3,936
Expiration of time restrictions		
Time restricted pledges and Founder funding	22,867	395
Endowments		
Earnings restricted by donors to learning center programs	18	16
	18	16
Net assets released from restriction at December 31	\$ 27,888	\$ 4,347

Note 12: Liquidity and Availability

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

Christel House has budgeted 2023 cash needs for expenditures at approximately \$22,530.

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As of December 31, 2022, Christel House has unrestricted financial assets available within one year to meet the organization's needs for general expenditures as follows:

	2022	2021
Financial assets		
Cash	\$ 14,223	\$ 10,767
Investments	6,710	6,623
Accounts receivable	178	108
Financial assets available to meet cash needs within one year	\$ 21,111	\$ 17,498

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, 2022.

In addition to the financial assets above, subsequent to year-end, ESF approved 2023 funding to Christel House in the amount of approximately \$17,782. This funding is budgeted to be received in installments throughout the last half of 2023.

Note 13: Contributed Nonfinancial Assets

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the combined and consolidated statement of activities included:

	2022	2021
Computer equipment	\$ 674	\$ 308
School facility rent	366	383
Course materials and supplies	63	62
Nutrition	52	50
Advertising	42	176
Other	65	35
	\$ 1,262	\$ 1,014

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.

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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 learning center 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 combined and 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.

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.

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.

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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 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, 2022.

Cash Equivalents

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

Investments

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

Interest Rate Swap Agreement

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

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The following tables present the fair value measurements of assets and liabilities 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, 2022 and 2021:

	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 ^(A)	
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>

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	2021				Investments Measured at NAV ^(A)
	Fair Value Measurements Using				
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Cash equivalents					
Money market mutual funds	\$ 14,934	\$ 14,934	\$ -	\$ -	\$ -
Investments					
Certificates and investment cash	1,488	1,488	-	-	-
Equities					
North America	17,554	17,554	-	-	-
International	6,358	6,358	-	-	-
Government agencies					
North America	1,242	1,242	-	-	-
International	4,177	4,177	-	-	-
Corporate obligations	210	-	210	-	-
Foreign municipal obligations	861	-	861	-	-
Alternative investments					
Fixed income	417	-	417	-	-
Real assets	813	-	-	-	813
Private equity/partnerships	20,516	-	-	-	20,516
Hedge funds	14,997	-	-	-	14,997
Total investments	<u>68,633</u>	<u>30,819</u>	<u>1,488</u>	<u>-</u>	<u>36,326</u>
Total assets	<u>\$ 83,567</u>	<u>\$ 45,753</u>	<u>\$ 1,488</u>	<u>\$ -</u>	<u>\$ 36,326</u>
Liabilities					
Interest rate swap	<u>\$ 278</u>	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ -</u>	<u>\$ -</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 combined and consolidated statement of financial position.

Assets Held for Sale

Assets held for sale totaling \$6,544 at December 31, 2021 are measured at fair value on a nonrecurring basis. The fair value is estimated using recent market transactions on similar assets that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Note 15: Concentrations

Christel House received approximately 64% and 57% of its contribution revenue from the Founder and ESF in 2022 and 2021, respectively (see Note 10).

Supplementary Information

Christel House International, Inc. and Affiliates
Combining and 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					
Assets									
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 Restrictions	63	-	-	-	75	40	-	-	178
With Donor Restrictions	-	-	-	-	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
Total Assets	\$ 81,900	\$ 8,752	\$ 1,615	\$ 149	\$ 4,932	\$ 6,663	\$ 61	\$ -	\$ 104,072
Liabilities									
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
Total Liabilities	7,927	1,857	149	143	397	179	-	-	10,652
Net Assets									
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
Total Net Assets	73,973	6,895	1,466	6	4,535	6,484	61	-	93,420
Total Liabilities and Net Assets	\$ 81,900	\$ 8,752	\$ 1,615	\$ 149	\$ 4,932	\$ 6,663	\$ 61	\$ -	\$ 104,072

Christel House International, Inc. and Affiliates
Combining and Consolidating Statement of Financial Position
December 31, 2021
(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	\$ 8,773	\$ 53	\$ 80	\$ 13	\$ 1,370	\$ 461	\$ 17	\$ -	\$ 10,767
With donor restriction	6,655	123	-	-	273	-	44	-	7,095
Investments									
Without donor restriction	-	6,329	294	-	-	-	-	-	6,623
With donor restriction	61,432	361	73	-	144	-	-	-	62,010
Accounts receivable									
Without donor restriction	5	16	-	-	73	14	-	-	108
With donor restriction	-	-	-	-	4	-	-	-	4
Assets held for sale	6,544	-	-	-	-	-	-	-	6,544
Contributions receivable, with donor restriction	947	-	-	-	527	-	68	-	1,542
Other assets									
Without donor restrictions	66	68	85	18	70	7	-	-	314
Rental property - Christel House Academy									
Without donor restriction	8,985	-	-	-	-	-	-	-	8,985
With donor restriction	222	-	-	-	-	-	-	-	222
Property and equipment	28	600	1,163	154	2,710	5,375	-	-	10,030
Total Assets	\$ 93,657	\$ 7,550	\$ 1,695	\$ 185	\$ 5,171	\$ 5,857	\$ 129	\$ -	\$ 114,244
Liabilities									
Accounts payable	\$ 211	\$ 9	\$ 6	\$ 11	\$ -	\$ 1	\$ -	\$ -	\$ 238
Accrued payroll and other									
Without donor restriction	608	563	149	44	356	16	-	-	1,736
With donor restriction	2	-	-	-	-	-	-	-	2
Accrued program grants	204	-	-	-	-	-	-	-	204
Interest rate swap liability	278	-	-	-	-	-	-	-	278
Bonds payable, net of bond issue costs	14,278	-	-	-	-	-	-	-	14,278
Total Liabilities	15,581	572	155	55	356	17	-	-	16,736
Net Assets									
Without donor restriction	8,822	6,494	1,467	130	3,867	5,840	17	-	26,637
With donor restriction	69,254	484	73	-	948	-	112	-	70,871
Total Net Assets	78,076	6,978	1,540	130	4,815	5,840	129	-	97,508
Total Liabilities and Net Assets	\$ 93,657	\$ 7,550	\$ 1,695	\$ 185	\$ 5,171	\$ 5,857	\$ 129	\$ -	\$ 114,244

Christel House International, Inc. and Affiliates
Combining and 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					
Revenue, Gains and Other Support									
Contributions	\$ 2,010	\$ 1,076	\$ 140	\$ -	\$ 798	\$ 8	\$ 49	\$ -	\$ 4,081
Founder funding	20	-	-	-	-	-	-	-	20
Supporting organization 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
Total Revenue, Gains and Other Support	18,013	3,210	2,373	1,150	5,111	2,563	159	(9,127)	23,452
Expenses									
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
Total Expenses	17,204	3,561	2,304	1,243	5,080	1,987	214	(9,127)	22,466
Change in Net Assets Before Other Gains and Losses	809	(351)	69	(93)	31	576	(55)	-	986
Other Gains and Losses									
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)
Change in Net Assets	(4,103)	(83)	(74)	(124)	(280)	644	(68)	-	(4,088)
Net Assets, Beginning of Year	78,076	6,978	1,540	130	4,815	5,840	129	-	97,508
Net Assets, End of Year	\$ 73,973	\$ 6,895	\$ 1,466	\$ 6	\$ 4,535	\$ 6,484	\$ 61	\$ -	\$ 93,420

Christel House International, Inc. and Affiliates
Combining and Consolidating Statement of Activities
Year Ended December 31, 2021
(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	\$ 2,555	\$ 1,382	\$ 164	\$ -	\$ 951	\$ 1	\$ 68	\$ -	\$ 5,121
Founder funding	264	-	-	-	-	-	-	-	264
Supporting organization funding	10,837	-	-	-	-	-	-	-	10,837
Direct contributions	138	114	112	-	88	93	78	(623)	-
CHI funding	-	626	976	434	3,046	1,776	27	(6,885)	-
In-kind contributions	184	28	9	383	382	28	-	-	1,014
Special events	402	30	-	-	1	-	-	-	433
Grants	2	46	826	-	791	130	7	-	1,802
Investment income	72	(1)	18	3	48	-	-	-	140
Rental income - Christel House Academy	1,354	-	-	-	-	-	-	-	1,354
Other	2	16	-	1	4	-	-	-	23
Total Revenue, Gains and Other Support	15,810	2,241	2,105	821	5,311	2,028	180	(7,508)	20,988
Expenses									
Program services									
Grants	8,653	-	2	-	-	-	140	(7,508)	1,287
Academics	2,967	2,776	1,770	1,022	4,652	1,342	-	-	14,529
	11,620	2,776	1,772	1,022	4,652	1,342	140	(7,508)	15,816
Management and general	987	171	161	67	223	201	22	-	1,832
Fundraising	1,439	327	206	-	338	74	3	-	2,387
Total Expenses	14,046	3,274	2,139	1,089	5,213	1,617	165	(7,508)	20,035
Change in Net Assets Before Other Gains and Losses	1,764	(1,033)	(34)	(268)	98	411	15	-	953
Other Gains and Losses									
Loss on sale of property	-	-	1	-	(19)	-	-	-	(18)
Write down on assets held for sale	(5,093)	-	-	-	-	-	-	-	(5,093)
Realized gain on investments	2,741	161	-	-	-	-	-	-	2,902
Unrealized gain on investments	8,023	176	-	-	-	-	-	-	8,199
Unrealized gain on interest rate swap	467	-	-	-	-	-	-	-	467
Foreign currency translation adjustment	-	(197)	(64)	(12)	(388)	(472)	(1)	-	(1,134)
Change in Net Assets	7,902	(893)	(97)	(280)	(309)	(61)	14	-	6,276
Net Assets, Beginning of Year	70,174	7,871	1,637	410	5,124	5,901	115	-	91,232
Net Assets, End of Year	\$ 78,076	\$ 6,978	\$ 1,540	\$ 130	\$ 4,815	\$ 5,840	\$ 129	\$ -	\$ 97,508