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April 2, 2024

Charter School Board
Christel House Academy, Inc.
d/b/a Christel House Schools
Marion County, Indiana

We have reviewed the audit report of Christel House Academy, Inc. d/b/a Christel House Schools, which was opined upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Christel House Academy, Inc. d/b/a Christel House Schools as of June 30, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe LLP prepared the audit report in accordance with guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

CHRISTEL HOUSE ACADEMY, INC.
d/b/a Christel House Schools

FINANCIAL STATEMENTS
June 30, 2023 and 2022

CHRISTEL HOUSE ACADEMY, INC.

FINANCIAL STATEMENTS
June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Christel House Academy, Inc.
Indianapolis, Indiana

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of Christel House Academy, Inc. (d/b/a Christel House Schools or "CHS") which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Christel House Schools as of June 30, 2023 and 2022, and the changes in its net assets and its 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Christel House Schools 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2023, Christel House Schools adopted Accounting Standards Update (ASU) 2016-02 – *Leases (Topic 842)* for the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

(Continued)

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 Schools ability to continue as a going concern for one year from the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 and *Government Auditing Standards* 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 financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Schools' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Christel House Schools' 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.

(Continued)

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedules of financial position – school level and schedules of activities – school level are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2024 on our consideration of the Christel House Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Christel House Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Christel House Schools' internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
March 28, 2024

CHRISTEL HOUSE ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 10,284,189	\$ 8,155,136
Grants receivable	1,472,074	1,924,881
Right of use asset	495,390	-
Prepaid expenses	<u>59,993</u>	<u>276,933</u>
Total current assets	12,311,646	10,356,950
Non-current assets		
Right of use asset	8,972,820	-
Property and equipment, net	<u>8,786,570</u>	<u>8,447,627</u>
	<u>\$ 30,071,036</u>	<u>\$ 18,804,577</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 435,065	\$ 281,401
Accrued payroll	1,203,608	1,567,948
Lease liability	495,390	-
Accrued incentive compensation	<u>267,815</u>	<u>267,815</u>
Total current liabilities	2,401,878	2,117,164
Non-current liabilities		
Lease liability	8,972,820	-
Accrued incentive compensation	<u>1,275,126</u>	<u>435,405</u>
Total liabilities	12,649,824	2,552,569
Net assets		
Without donor restrictions	16,886,494	15,786,654
With donor restrictions	<u>534,718</u>	<u>465,354</u>
Total net assets	<u>17,421,212</u>	<u>16,252,008</u>
	<u>\$ 30,071,036</u>	<u>\$ 18,804,577</u>

See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 Years ended June 30, 2023 and 2022

	2023				
	Program Services			General and Administrative	Total Expenses
	K-12 Learning	Adult Learning	Teacher Training		
Salaries and benefits	\$ 14,490,333	\$ 4,120,435	\$ 163,131	\$ 474,019	\$ 19,247,918
Instructional services	813,537	207,181	-	-	1,020,718
Accounting and payroll services	-	-	-	141,005	141,005
Administrative services	1,109	651	-	13,847	15,607
Legal services	-	-	-	8,724	8,724
Authorizer fees	-	-	-	107,562	107,562
Recruitment and placement	36,555	6,895	29	-	43,479
Technology services	355,667	134,437	57	5,371	495,532
Professional development	220,566	36,297	7,239	4,835	268,937
Nursing services	164,113	-	-	-	164,113
Course materials and supplies	760,508	41,770	4,328	-	806,606
Nutritional support	1,231,192	-	-	-	1,231,192
Advertising	32,099	18,932	-	-	51,031
Travel and entertainment	43,382	2,700	1,376	-	47,458
Vehicle and transportation	876,544	39,323	-	-	915,867
Facilities rental	3,825,016	1,394,948	-	-	5,219,964
Facilities (insurance, utilities, maintenance)	2,550,317	890,512	-	121,661	3,562,490
Equipment rental	12,216	7,460	-	-	19,676
Depreciation and amortization	888,719	206,919	1,329	-	1,096,967
	<u>\$ 26,301,873</u>	<u>\$ 7,108,460</u>	<u>\$ 177,489</u>	<u>\$ 877,024</u>	<u>\$ 34,464,846</u>
	2022				
	Program Services			General and Administrative	Total Expenses
	K-12 Learning	Adult Learning	Teacher Training		
Salaries and benefits	\$ 13,930,279	\$ 3,938,652	\$ 195,596	\$ 461,770	\$ 18,526,297
Instructional services	950,525	218,668	-	-	1,169,193
Accounting and payroll services	-	-	-	109,834	109,834
Administrative services	-	-	-	17,497	17,497
Legal services	-	-	-	30,243	30,243
Authorizer fees	-	-	-	69,188	69,188
Recruitment and placement	58,115	16,476	286	-	74,877
Technology services	344,565	155,770	1,958	-	502,293
Professional development	968,404	181,207	1,498	26,494	1,177,603
Nursing services	137,174	-	-	-	137,174
Course materials and supplies	637,327	57,773	3,437	-	698,537
Nutritional support	1,025,190	-	-	-	1,025,190
Advertising	10,803	28,631	170	-	39,604
Travel and entertainment	3,282	2,682	405	-	6,369
Vehicle and transportation	588,578	11,780	-	-	600,358
Facilities rental	2,049,465	955,919	-	-	3,005,384
Facilities (insurance, utilities, maintenance)	1,302,113	528,451	-	137,157	1,967,721
Equipment rental	94	-	-	-	94
Depreciation and amortization	622,779	210,942	-	-	833,721
	<u>\$ 22,628,693</u>	<u>\$ 6,306,951</u>	<u>\$ 203,350</u>	<u>\$ 852,183</u>	<u>\$ 29,991,177</u>

See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ 1,169,204	\$ 6,568,916
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	1,096,967	833,721
Loss on disposal of assets	-	407,463
Changes in assets and liabilities		
Grants receivable	452,807	(427,658)
Right of use asset	503,710	-
Prepaid expense	216,940	(159,356)
Accounts payable	153,664	(1,461,733)
Accrued payroll	(364,340)	(179,059)
Lease liability	(503,710)	-
Accrued incentive compensation	<u>839,721</u>	<u>86,770</u>
Net cash provided from operating activities	<u>3,564,963</u>	<u>5,669,064</u>
Cash flows from investing activities		
Purchases of property and equipment	<u>(1,435,910)</u>	<u>(4,769,159)</u>
Net cash used for investing activities	<u>(1,435,910)</u>	<u>(4,769,159)</u>
Net change in cash and cash equivalents	2,129,053	899,905
Cash and cash equivalents, beginning of year	<u>8,155,136</u>	<u>7,255,231</u>
Cash and cash equivalents, end of year	<u>\$ 10,284,189</u>	<u>\$ 8,155,136</u>
Supplemental disclosures		
Contributions of nonfinancial assets	\$ 6,829,161	\$ 3,137,548
Construction-in-process in accounts payable	-	23,961
Right of use asset	9,971,920	-
Lease liability	9,971,920	-

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Organization: Christel House Academy, Inc. (d/b/a Christel House Schools' or "CHS") was incorporated in October 2001, under the laws of the State of Indiana and commenced operations at Christel House Academy South ("Academy") in September 2002. CHS is an inner-city Indianapolis charter school that provides outstanding education to underserved children by maintaining high standards of academic rigor, efficiency, and accountability. CHS's primary source of revenue and support is grants from the Indiana Department of Education.

CHS offers education, special education, and instructional staff training programs for grades K-12. Education includes enhanced national and state-mandated educational objectives, implemented with a focus on character development and academic performance. Students participate in service-learning projects and are exposed to an internationally focused perspective on the world. CHS uses a curriculum designed to promote critical thinking skills, academic achievement, and personal development through the use of in-depth investigations that engage students in community, projects, and service. Special education is an addition to CHS's core educational program. The instructional staff training program includes in house training on staff development days and off-site training for teachers and interventionists.

Christel House DORS, Inc. ("DORS") was incorporated in 2011, under the laws of the State of Indiana and commenced operations in 2011. DORS is a tuition free high school for adults over the age of 18 who still need to earn a high school diploma. Students earn college credit at Ivy Tech through a Gateway to College program, while completing high school course requirements.

Effective June 30, 2014, the existing Academy and DORS were merged and the combined entity is doing business as Christel House Schools (CHS).

During the year ended June 30, 2015, Christel House Academy West school opened with grades K-2 and has added a grade level each year since. Christel House DORS West school opened at the same location during the year ended June 30, 2016. During the year ended June 30, 2019, DORS West was combined with the existing DORS entity.

During the year ended June 30, 2017, the Indiana Department of Education and Indiana State Board of Education provided Christel House Schools with authorization to operate a transition to teaching licensing program. Starting in July 2017, Christel House IndyTeach provides a competency based workplace training program for apprentice teachers in collaboration with all Christel House schools. Those apprentice teachers who successfully complete the year-long program are eligible for an Indiana Teacher's License.

During the year ended, June 30, 2020, CHS entered into a Charter Innovation School agreement with Indianapolis Public Schools ("IPS") to establish and operate Christel House Academy South as an Innovation Network School beginning in the 2020-2021 school year.

During the year ended June 30, 2021 CHS entered into an agreement with IPS to operate Emmerich Manual High School ("MHS"), an IPS Local Educational Agency Innovation School, through an Innovation Network School Agreement for grades 10-12 in year one, grade 11-12 in year two and grade 12 in year three. CHS will operate the school building, programming, and personnel for MHS. Students enrolled in Manual High School are considered IPS students. Following the 2022-2023 school year Emmerich Manual High School ("MHS") ceased operations.

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Charter Innovation School agreement allowed Christel House Academy South to relocate its K-12 and adult high school program to the IPS Manual High School location for the 2021-22 school year. During the 2021-2022 school year CHS started a new high school within the IPS Manual High School location called Christel House Watanabe High School. Christel House Watanabe High School includes grade 9-12 students from Christel House Academy South and welcomes incoming 9th grade students from Christel House Academy West.

The financial statements include the activity of all schools and programs. All material inter-organizational accounts and transactions have been eliminated.

Method of Accounting: CHS maintains its accounts on the accrual basis of accounting and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Income Taxes: CHS is exempt from income taxes on income from related activities under Section 501(c)(3) of the U. S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, CHS is not considered to be a private foundation under Section 509(a) of the Internal Revenue Code.

CHS does not expect the total amount of unrecorded tax benefits to significantly change in the next 12 months. CHS recognizes interest and/or penalties related to income tax matters in income tax expense. CHS did not have any amounts accrued for interest and penalties at June 30, 2023 and 2022.

Use of Estimates: The preparation of financial statements in conformity with GAAP 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 revenue and expenses. Actual results could differ from those estimates.

Basis of Presentation: CHS follows GAAP and reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – The net asset without donor restrictions class includes general assets and liabilities of CHS. The net assets without donor restrictions of CHS may be used at the discretion of management to support CHS’s purposes and operations.

Net Assets With Donor Restrictions – The net asset with donor restrictions class includes assets of CHS related to gifts and grants with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates.

This class also includes assets of CHS related to contributions of assets whose use by CHS is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of CHS. CHS had no such net assets with permanent restrictions as of June 30, 2023 and 2022.

Cash Equivalents: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to \$250,000. For the purpose of the statement of cash flows, CHS considers all highly liquid debt instruments, if any, purchased with a maturity of three months or less to be cash equivalent. During 2023 and 2022, the CHS’s cash accounts exceeded federally insured limits. CHS monitors the financial institutions for risk, has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable: Grants receivable balances consist of amounts billed or billable for services provided or contracted. CHS does not accrue interest on any of its grants receivables.

Allowances: Allowances are based upon prior experience and management's analysis of specific receivables and promises to give. Losses are charged off to the reserve when management deems further collection efforts will no longer produce additional recoveries. No allowance for doubtful accounts is recorded as of June 30, 2023 and 2022.

Property and Equipment: Expenditures for property and equipment and items in excess of \$1,000 which substantially increase the useful lives of existing assets are capitalized at cost or at fair value at date of gift. Repairs and maintenance costs are expensed as incurred. Leasehold improvements are depreciated over the lesser of the lease term or the estimated useful life. Depreciation has been computed on straight-line method at rates designed to depreciate the costs of assets over their estimated useful lives as follows:

Buildings and improvements	20-40 years
Machinery and equipment	3-5 years
Textbooks	3-5 years

Right Of Use ("ROU") Asset and Lease Liability: ROU asset represents CHS's right to use the underlying assets for the lease term and lease liabilities represent the net present value of CHS's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using its incremental borrowing rate on the lease commencement date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the CHS will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. As permitted by ASC 842, leases with an initial term of twelve months or less ("short-term leases") are not recorded on the accompanying statement of financial position.

Impairment of Long-Lived Assets: In accordance with GAAP, CHS reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of June 30, 2023 and 2022, management believes that no impairment exists.

Revenue Recognition: CHS recognizes revenue either as performance obligations are materially satisfied, and/or as applicable policy terms warrant. Program service fee revenue is recognized as services are provided and obligations are satisfied. Revenues primarily come from resources provided under the Indiana Charter Schools Act (Act). Under the Act, CHS receives an amount per student as funding from the State of Indiana based on enrollment and paid in equal monthly installments from July through June. Revenue is recognized in the year in which the educational services are rendered.

Federal and State Grants: Support funded by grants is recognized as the CHS satisfies the related conditions under various grant agreements. Grant revenue is typically recognized as allowable expenses are incurred. Government grants and contracts are generally subject to conditions that have a barrier and a right of return that must be met before the CHS is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. Some of the CHS's grant agreements are not on a cost reimbursement basis, and support is recognized when earned. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions: Contributions are recognized in the period that an unconditional promise to give is received. Unless specifically restricted by the donor, all contributions are considered available for use without restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions and are recognized as revenue when the conditions are substantially met. If a restriction is fulfilled in the same time period in which the contribution is received, CHS reports the support as without donor restrictions.

Contributions of Nonfinancial Assets: Contributions of nonfinancial assets are recognized in the period that the asset is provided or received. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. If a restriction is fulfilled at the same time in which the contribution is received, CHS reports the support as without donor restrictions. CHS received nonfinancial assets respectively as follows for fiscal years ended June 30. All contributions of nonfinancial assets are used for program and operating purposes of CHS.

	<u>2023</u>	<u>2022</u>
Rent provided by IPS	\$ 4,230,114	\$ 2,044,858
Student transportation	8,835	230,351
Utilities	1,877,975	456,035
Repairs and maintenance	134,517	37,008
IPS security	138,751	134,671
Professional development	100,109	55,500
Classroom and office space	157,652	134,938
Furniture	7,037	6,798
Meals	1,080	1,889
IPS Public Engagement	117,227	-
Adjunct staff	<u>55,864</u>	<u>35,500</u>
	<u>\$ 6,829,161</u>	<u>\$ 3,137,548</u>

During the year ended June 30, 2021, CHS entered into an agreement with IPS who contributed rent, transportation, utilities, security, and repairs and maintenance to CHS. CHS uses the nonfinancial assets to operate various charter schools within the Emmerich Manual High School (“MHS”) building, an IPS Local Educational Agency Innovation School as described in note 1. Annual value of the non-financial assets noted is determined and provided to CHS by IPS based on similar services noted within the current markets.

Contributed meals were related to catering as part of networking events hosted by CHS. In valuing meals CHS estimated the fair value based on estimates from quotes acquired from similar organizations

Contributed classroom and office space were related to classroom facilities at Ivy Tech provided to CHS. The classrooms are used to help carry out the operations of CHS. The value of the classroom and office space is based on the current rate that would be charged to an outside party for the use of the space provided to CHS by Ivy Tech.

Contributed services related to adjunct staff assisting with running the operations of CHS. Services are valued and are reported at an estimated fair value in the financial statements based on current rates for similar staff.

Contributed services related to professional development within CHS. Services are valued and are reported at an estimated fair value in the financial statements based on current rates for similar services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed furniture is valued based on the fair value from estimated quotes acquired from similar organizations and for similar items.

Volunteers provide program services throughout the year that are not recognized as contributions in the financial statements since they do not meet the recognition criteria under GAAP. These services include volunteering at events, picking up donations, and various clerical work.

Functional Expense Allocation: The costs of providing the various programs and other activities have been summarized in the statements of activities and statements of functional expenses. Some expenses relate directly to specific programs or supporting services while others do not. Expenses that relate to more than one program or supporting service are allocated among the applicable functions based upon estimates of time incurred by personnel or relative square footage of facilities.

Management periodically evaluates its allocation method and revises it when necessary. Management and general expenses include those expenses that are indirectly identifiable with other specific functions, but provide for the overall support and direction of CHS.

Recently Adopted Accounting Guidance: In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, “Leases” (Topic 842). Under the standard, an entity is required to recognize lease assets and lease liabilities on the statement of financial position. CHS applied this ASU for the year ended June 30, 2023 using the modified retrospective method. The ASU also requires additional disclosure, both quantitative and qualitative, including pertinent information about the leasing arrangement, and the amount, timing, and uncertainty of cash flows arising from leases. CHS elected the exemption of short-term leases that are 12 months or less in addition to certain practical expedients permitted under the transition guidance. As a result of implementation, a right-to-use asset of \$9,971,920 and lease liability of \$9,971,920 were reported. There was no impact on net assets or change in net assets.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2023, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2023. Management has performed their analysis through March 28, 2024, the date the financial statements were available to be issued.

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 2 - GRANTS RECEIVABLE

Grants receivable represent amounts due within one year from the Indiana Department of Education relating to the following sources:

	<u>2023</u>	<u>2022</u>
Title I, Part A	\$ 26,466	\$ 46,004
Federal Summer Food Service	10,357	8,049
Safety Grant	100,000	-
Special Education Cluster (IDEA)	62,755	73,879
Elementary and Secondary School Emergency Relief Funding	964,385	659,972
Teacher and Principal Training (Title II)	-	7,799
Title IV, Part A	7,929	32,847
Title I, SIG	54,221	-
Twenty-First Century Community	-	20,341
CSP Innovation	3,960	560,258
Title III	-	25,487
CNC	-	177,715
CFIG	-	93,531
Emergency Connectivity Fund	40,086	43,545
Federal Summer Food Program	7,353	9,713
SLR Grant	-	105,547
Charter Facilities Incentive	111,484	-
Other	<u>83,078</u>	<u>60,194</u>
	<u>\$ 1,472,074</u>	<u>\$ 1,924,881</u>

NOTE 3 - PROPERTY AND EQUIPMENT

The carrying value of land, buildings and equipment consists of the following:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 4,150,488	\$ 2,870,810
Leasehold improvements	7,416,731	7,247,501
Buildings and infrastructure	-	15,500
Books and other education materials	<u>116,069</u>	<u>113,567</u>
	11,683,288	10,247,378
Less: accumulated depreciation	<u>(2,896,718)</u>	<u>(1,799,751)</u>
	<u>\$ 8,786,570</u>	<u>\$ 8,447,627</u>

Depreciation expense for the period ended June 30, 2023 and 2022 was \$1,096,967 and \$833,721, respectively.

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 4 - LEASES

CHS leases offices in Indiana, that expire at various dates through July 2040. CHS has recognized a right of use asset of \$9,468,210, and a lease liability of \$9,468,210 on the statement of financial position as of June 30, 2023. CHS utilized various Treasury rates to determine the net present value of the applicable lease liabilities, ranging from 1.35% to 3.03% at lease inception.

Effective August 1, 2014, CHS also entered into another 25-year lease with Christel House International, Inc. for educational facilities located at 55 North Tibbs Avenue, Indianapolis, Indiana. The lease expires on July 31, 2039 with an option to extend the lease for two additional five-year periods. During the years ended June 30, 2023 and 2022, \$750,000 was expensed for these leases, respectively.

Effective September 4, 2019, CHS also entered into 4 year lease with 3808 Shelby Partners, LLC for office facilities located at 3808 Shelby Street, Indianapolis Indiana. The lease expires in 2024. During the years ended June 30, 2023 and 2022, \$54,432 was expensed for these leases, respectively.

Annual rent amounts under the leases are adjustable annually based on various occupancy costs of Christel House International, Inc.; the rent will continue to be in the amount last agreed upon. Christel House International, Inc. invoices CHS monthly for the amount due.

During the years ended June 30, 2023 and 2022, \$5,189,398 and \$3,002,286 was expensed for educational facility rent, of which \$4,384,966 and \$2,179,796 was recorded as in-kind, respectively. In-kind rent includes amounts from IPS and Ivy Tech (for classroom and office space) as disclosed in Note 1. CHS has a conditional contribution receivable in relation to in-kind rent at Manual High School through 2030, with the option to renew for an additional two-year period through 2032. The continuation of in-kind rent is contingent upon CHS meeting the underlying conditions of the agreement, including maintaining its charter throughout the term of the agreement.

CHS also leases copiers under lease agreements with terms through April of 2024. During the years ended June 30, 2023 and 2022, \$16,054 and \$18,059 was expensed for these leases, respectively.

The future minimum rental payments required under the operating leases for the years subsequent to June 30, 2023, are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 781,752
2025	750,000
2026	750,000
2027	750,000
2028	750,000
Thereafter	<u>8,312,500</u>
	12,094,252
Present value discount	<u>(2,626,042)</u>
Lease liability	<u>\$ 9,468,210</u>

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 5 - PENSION PLANS

CHS elected to become a participating employer in the Indiana Public Retirement System (INPRS). INPRS includes both the Public Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF). PERF is a defined benefit pension plan. PERF is a cost sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS. TRF is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. CHS contributes the required three percent of the annual covered salary of employees. CHS is required to contribute an actuarially determined rate determined annually for PERF and TRF. Retirement plan expense for PERF and TRF was \$734,575 and \$656,233 for the years ended June 30, 2023 and 2022, respectively.

CHS offers a 403(b) defined contribution plan for employees and all participants may contribute to the 403(b) plan. CHS offers an employer match of 1% of an employee's salary for those that contribute 2% or more to the 403(b) Plan. In addition, employees have an option to opt out of PERF and TRF. If so, then employees receive an additional employer contribution to the 403(b) Plan of 10% of their salary if eligible for TRF or 10% if otherwise eligible for PERF. There was a total 403(b) employer contribution of \$749,416 and \$808,019 for the years ended June 30, 2023 and 2022, respectively.

NOTE 6 - ACCRUED INCENTIVE COMPENSATION

CHS sponsors an unfunded long-term incentive plan for eligible employees. Benefits are limited to amounts specified in agreements with eligible employees that are to be paid out in two installments after five and ten years of service, respectively. A liability of \$1,542,941 and \$703,220 is recorded for the plan as accrued incentive compensation on the statements of financial position as of June 30, 2023 and 2022, respectively.

NOTE 7 - AFFILIATED ORGANIZATION

Christel House International, Inc. is an affiliated organization of CHS. Christel House International, Inc. is a separately incorporated, not-for-profit organization that is not controlled by CHS. CHS rents the Christel House Academy West facility through Christel House International, Inc. CHS did not have a balance payable to Christel House International, Inc. as of the years June 30, 2023 and 2022, respectively.

During the years ended June 30, 2023 and 2022, contributions were received from Christel House International, Inc. as follows:

	<u>2023</u>	<u>2022</u>
Direct operating funding	\$ 698,503	\$ 539,469
Manual capital funding	-	3,254,683
Direct capital funding	-	1,443,960
Donor funding collected and directed to CHS by Christel House International, Inc.	782,443	630,948
Total	\$ 1,480,946	\$ 5,869,060

In total, these contributions represent 18% and 65% of total contributions revenue for the years ended June 30, 2023 and 2022, respectively.

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Capital purchases	\$ 355,250	\$ 355,250
Playground	-	15,607
Mind Trust	19,911	25,000
Dorsey Foundation	20,000	20,000
Charles and Lucile King Family	-	25,000
Fernando Falcon	22,860	-
Eli Lilly	106,000	-
Other	<u>10,697</u>	<u>24,497</u>
	<u>\$ 534,718</u>	<u>\$ 465,354</u>

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. CHS recorded releases from restrictions for the following during the years ended June 30, 2023 and 2022, respectively:

	<u>2023</u>	<u>2022</u>
Playground	\$ 15,607	\$ 10,328
Indy Teach program	-	69,594
Mind Trust	5,089	-
Jumpstart program	-	6,500
Technology purchases	-	10,000
School play garden	-	150,000
Early childcare center	-	293,546
Charles and Lucile King Family	25,000	-
Other	<u>24,495</u>	<u>14,261</u>
	<u>\$ 70,191</u>	<u>\$ 554,229</u>

NOTE 9 - LIQUIDITY AND AVAILABILITY

CHS's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 10,284,189	\$ 8,155,136
Grants receivable	<u>1,472,074</u>	<u>1,924,881</u>
Total financial assets	11,756,263	10,080,017
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>534,718</u>	<u>465,354</u>
Financial assets available to meet general expenditures within one year	<u>\$ 11,221,545</u>	<u>\$ 9,614,663</u>

As of June 30, 2023 and 2022, CHS was subject to a 60-day cash-on-hand requirement from its Authorizing agency and complied with this requirements.

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022

NOTE 10 - COVID-19 IMPACT

During 2021, CHS was awarded an allocation of Elementary and Secondary School Emergency Relief Funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) totaling \$1,015,255. CHS had expended and recognized as revenue within the federal grant line on the statement of activities \$0 and \$474,298 as of June 30, 2023 and 2022, respectively.

During 2021, CHS was awarded an allocation of the Education Stabilization Relief Fund through the Elementary and Secondary School Emergency Relief Funding (ESSER II) through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act totaling \$3,194,212. CHS had expended and recognized as revenue within the federal grant line on the statement of activities \$24,546 and \$2,386,599 as of June 30, 2023 and 2022, respectively. As of June 30, 2023, the school had yet to receive \$24,546 and has recorded a corresponding grants receivable.

During 2021, CHS was awarded an allocation of the Education Stabilization Relief Fund through the Elementary and Secondary School Emergency Relief Funding (ESSER III) through American Rescue Plan (ARP) Act totaling \$7,118,620. CHS had expended and recognized as revenue within the federal grant line on the statement of activities \$3,369,636 and \$899,886 of funding as of June 30, 2023 and 2022, respectively. As of June 30, 2023, the school had yet to receive \$939,839 and has recorded a corresponding grants receivable. The remaining \$2,759,264 of the award is expected to be expended and recognized through September 2024.

NOTE 11 – INDIANA CHARTER SCHOOL BOARD – FACILITY EXPENSE DISCLOSURE

As required by the Indiana Charter School Board, the following table discloses certain facility expense details for the fiscal year ended June 30, 2023.

Facility rental	\$ 5,000
Water and sewage	12,228
Waste disposal	10,695
Maintenance and repairs	60,525
Security services	12,410
Custodial services	553,554
Custodial supplies	-
Depreciation	1,092,376
Insurance	-
Electric and gas	<u>113,021</u>
	<u>\$ 1,859,809</u>

SUPPLEMENTARY INFORMATION

CHRISTEL HOUSE ACADEMY, INC.
SCHEDULE OF FINANCIAL POSITION – SCHOOL LEVEL
June 30, 2023

	Wantanabe High School	Network	Academy South	Academy West	Manual High School	DORS	Indy Teach	Eliminations	Total
ASSETS									
Current assets									
Cash and cash equivalents	\$ 1,820,440	\$ 672,515	\$ 1,767,589	\$ 2,875,106	\$ 128,780	\$ 2,874,477	\$ 145,282	\$ -	\$ 10,284,189
Inter-network receivable	-	37,267	-	-	-	1,350,000	-	(1,387,267)	-
Grants receivable	248,712	10,253	203,473	591,752	385,405	32,479	-	-	1,472,074
Right of use asset	-	31,330	-	464,060	-	-	-	-	495,390
Prepaid expenses	-	6,561	3,825	47,907	-	1,700	-	-	59,993
Total current assets	2,069,152	757,926	1,974,887	3,978,825	514,185	4,258,656	145,282	(1,387,267)	12,311,646
Non-current assets									
Right of use asset	-	-	-	8,972,820	-	-	-	-	8,972,820
Property and equipment, net	1,611,278	1,614	4,828,763	797,385	78,283	1,463,329	5,918	-	8,786,570
	\$ 3,680,430	\$ 759,540	\$ 6,803,650	\$ 13,749,030	\$ 592,468	\$ 5,721,985	\$ 151,200	\$ (1,387,267)	\$ 30,071,036
LIABILITIES AND NET ASSETS									
Current liabilities									
Accounts payable	\$ 86,794	\$ 122,108	\$ 86,334	\$ 87,510	\$ 6,741	\$ 45,464	\$ 114	\$ -	\$ 435,065
Inter-network payable	1,208,601	-	152,003	13,704	6,427	6,532	-	(1,387,267)	-
Accrued payroll	134,855	541,596	150,146	152,809	52,438	147,612	24,152	-	1,203,608
Lease liability	-	31,330	-	464,060	-	-	-	-	495,390
Accrued incentive compensation	-	-	134,273	47,894	-	80,848	4,800	-	267,815
Total current liabilities	1,430,250	695,034	522,756	765,977	65,606	280,456	29,066	(1,387,267)	2,401,878
Non-current liabilities									
Lease liability	-	-	-	8,972,820	-	-	-	-	8,972,820
Accrued incentive compensation	352,918	32,802	175,711	290,674	86,691	320,043	16,287	-	1,275,126
Total liabilities	1,783,168	727,836	698,467	10,029,471	152,297	600,499	45,353	(1,387,267)	12,649,824
Net Assets									
Without donor restrictions	1,875,067	11,791	5,898,823	3,538,309	440,171	5,121,486	847	-	16,886,494
With donor restrictions	22,195	19,913	206,360	181,250	-	-	105,000	-	534,718
Total net assets	1,897,262	31,704	6,105,183	3,719,559	440,171	5,121,486	105,847	-	17,421,212
	\$ 3,680,430	\$ 759,540	\$ 6,803,650	\$ 13,749,030	\$ 592,468	\$ 5,721,985	\$ 151,200	\$ (1,387,267)	\$ 30,071,036

CHRISTEL HOUSE ACADEMY, INC.
SCHEDULE OF FINANCIAL POSITION – SCHOOL LEVEL
June 30, 2022

	Wantanabe High School	Network	Academy South	Academy West	Manual High School	DORS	Indy Teach	Eliminations	Total
ASSETS									
Current assets									
Cash and cash equivalents	\$ 1,014,681	\$ 469,648	\$ 1,454,705	\$ 2,415,325	\$ 659,859	\$ 2,103,103	\$ 37,815	\$ -	\$ 8,155,136
Inter-network receivable	-	37,963	-	-	-	1,000,000	-	(1,037,963)	-
Grants receivable	737,013	59,822	332,093	291,501	177,715	326,737	-	-	1,924,881
Prepaid expenses	249,500	6,561	19,663	1,209	-	-	-	-	276,933
Total current assets	2,001,194	573,994	1,806,461	2,708,035	837,574	3,429,840	37,815	(1,037,963)	10,356,950
Non-current assets									
Property and equipment, net	1,176,132	-	5,025,771	704,898	18,651	1,522,175	-	-	8,447,627
	<u>\$ 3,177,326</u>	<u>\$ 573,994</u>	<u>\$ 6,832,232</u>	<u>\$ 3,412,933</u>	<u>\$ 856,225</u>	<u>\$ 4,952,015</u>	<u>\$ 37,815</u>	<u>\$ (1,037,963)</u>	<u>\$ 18,804,577</u>
LIABILITIES AND NET ASSETS									
Current liabilities									
Accounts payable	\$ 30,128	\$ 44,001	\$ 79,107	\$ 73,728	\$ 32,758	\$ 21,615	\$ 64	\$ -	\$ 281,401
Inter-network payable	1,016,886	-	8,118	6,009	2,393	4,557	-	(1,037,963)	-
Accrued payroll	223,043	452,993	288,266	258,152	112,233	219,477	13,784	-	1,567,948
Accrued incentive compensation	-	-	134,273	47,894	-	80,848	4,800	-	267,815
Total current liabilities	1,270,057	496,994	509,764	385,783	147,384	326,497	18,648	(1,037,963)	2,117,164
Non-current liabilities									
Accrued incentive compensation	78,200	27,000	137,367	56,106	58,100	73,832	4,800	-	435,405
Total liabilities	1,348,257	523,994	647,131	441,889	205,484	400,329	23,448	(1,037,963)	2,552,569
Net Assets									
Without donor restrictions	1,803,761	-	5,983,305	2,790,794	650,741	4,543,686	14,367	-	15,786,654
With donor restrictions	25,308	50,000	201,796	180,250	-	8,000	-	-	465,354
Total net assets	1,829,069	50,000	6,185,101	2,971,044	650,741	4,551,686	14,367	-	16,252,008
	<u>\$ 3,177,326</u>	<u>\$ 573,994</u>	<u>\$ 6,832,232</u>	<u>\$ 3,412,933</u>	<u>\$ 856,225</u>	<u>\$ 4,952,015</u>	<u>\$ 37,815</u>	<u>\$ (1,037,963)</u>	<u>\$ 18,804,577</u>

CHRISTEL HOUSE ACADEMY, INC.
SCHEDULE OF ACTIVITIES – SCHOOL LEVEL
Year ended June 30, 2023

	Wantanabe High School	Network	Academy South	Academy West	Manual High School	DORS	Indy Teach	Eliminations	Total
Public support and revenues									
State support	\$ 2,623,087	\$ -	\$ 3,853,970	\$ 3,698,886	\$ 725,451	\$ 5,349,375	\$ -	\$ -	\$ 16,250,769
Grant revenue	2,512,187	61,192	3,168,672	3,387,059	109,789	303,254	-	-	9,542,153
Contributions of cash and other financial assets	195,582	812,287	168,943	145,269	3,284	72,450	105,000	-	1,502,815
Contributions of nonfinancial assets	1,717,622	-	2,600,504	12,509	619,922	1,878,604	-	-	6,829,161
Student fees	15,147	-	39,385	20,033	-	4,849	-	-	79,414
Other revenue	132,726	3,864,720	194,343	976	571,873	-	164,560	(3,499,460)	1,429,738
Total public support and revenues	7,196,351	4,738,199	10,025,817	7,264,732	2,030,319	7,608,532	269,560	(3,499,460)	35,634,050
Expenses									
Program services									
K-12 learning programs	7,109,970	3,100,850	10,080,118	6,483,723	2,240,889	-	-	(2,713,677)	26,301,873
Adult learning programs	-	897,894	-	-	-	6,996,349	-	(785,783)	7,108,460
Teacher training program	-	-	-	-	-	-	177,489	-	177,489
Total program expenses	7,109,970	3,998,744	10,080,118	6,483,723	2,240,889	6,996,349	177,489	(3,499,460)	33,587,822
General and administrative	18,188	757,751	25,617	32,494	-	42,383	591	-	877,024
Total expenses	7,128,158	4,756,495	10,105,735	6,516,217	2,240,889	7,038,732	178,080	(3,499,460)	34,464,846
Change in net assets	68,193	(18,296)	(79,918)	748,515	(210,570)	569,800	91,480	-	1,169,204
Net assets, beginning of year	1,829,069	50,000	6,185,101	2,971,044	650,741	4,551,686	14,367	-	16,252,008
Net assets, end of year	\$ 1,897,262	\$ 31,704	\$ 6,105,183	\$ 3,719,559	\$ 440,171	\$ 5,121,486	\$ 105,847	\$ -	\$ 17,421,212

CHRISTEL HOUSE ACADEMY, INC.
SCHEDULE OF ACTIVITIES – SCHOOL LEVEL
Year ended June 30, 2022

	Wantanabe High School	Network	Academy South	Academy West	Manual High School	DORS	Indy Teach	Eliminations	Total
Public support and revenues									
State support	\$ 2,301,518	\$ -	\$ 3,686,444	\$ 3,566,592	\$ 1,861,766	\$ 4,775,625	\$ -	\$ -	\$ 16,191,945
Grant revenue	2,451,613	97,505	3,042,831	3,249,074	182,951	933,626	-	-	9,957,600
Contributions of cash and other financial assets	837,210	642,969	3,493,289	68,930	23,583	821,845	-	-	5,887,826
Contributions of nonfinancial assets	556,691	3,227	999,718	27,000	699,392	851,520	-	-	3,137,548
Contributions – innovation support	-	-	-	-	588,173	-	-	-	588,173
Student fees	47,238	-	32,801	12,578	-	-	-	-	92,617
Other revenue	-	4,433,591	(180,480)	(31,114)	400	29,708	170,560	(3,718,281)	704,384
Total public support and revenues	6,194,270	5,177,292	11,074,603	6,893,060	3,356,265	7,412,324	170,560	(3,718,281)	36,560,093
Expenses									
Program services									
K-12 learning programs	5,262,511	2,905,917	7,797,397	6,094,394	3,070,842	-	-	(2,502,368)	22,628,693
Adult learning programs	-	1,411,999	-	-	-	6,110,865	-	(1,215,913)	6,306,951
Teacher training program	-	-	-	-	-	-	203,350	-	203,350
Total program expenses	5,262,511	4,317,916	7,797,397	6,094,394	3,070,842	6,110,865	203,350	(3,718,281)	29,138,994
General and administrative	33,386	809,376	2,410	12,435	(20,624)	14,597	603	-	852,183
Total expenses	5,295,897	5,127,292	7,799,807	6,106,829	3,050,218	6,125,462	203,953	(3,718,281)	29,991,177
Change in net assets	898,373	50,000	3,274,796	786,231	306,047	1,286,862	(33,393)	-	6,568,916
Net assets, beginning of year	930,696	-	2,910,305	2,184,813	344,694	3,264,824	47,760	-	9,683,092
Net assets, end of year	\$ 1,829,069	\$ 50,000	\$ 6,185,101	\$ 2,971,044	\$ 650,741	\$ 4,551,686	\$ 14,367	\$ -	\$ 16,252,008

CHRISTEL HOUSE ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Identifying Number	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through the Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	FY 2022-2023	\$ 311,125
National School Lunch Program	10.555	FY 2022-2023	969,839
Summer Food Service Program for Children	10.559	FY 2022-2023	13,859
Fresh fruit and vegetable program	10.582	FY 2022-2023	<u>42,187</u>
Total Child Nutrition Cluster			1,337,010
Child and Adult Care Food Program	10.558	FY 2022-2023	57,165
Total U.S. Department of Agriculture			<u>1,394,175</u>
<u>U.S. Department of Education</u>			
Passed through Indiana Department of Education			
Title I Grants to Local Educational Agencies			
	84.010	FY 2021-2022	20,600
	84.010	FY 2022-2023	1,014,789
	84.010	SIG FY2021	<u>54,221</u>
Total for program			1,089,610
Special Education Cluster (IDEA)			
Special Education – Grants to States			
	84.027	FY 2021-2023	13,580
		FY 2022-2024	285,557
Special Education – American Rescue Plan	84.027X	FY 2021-2023	<u>21,138</u>
Total for cluster			320,275
English Language Acquisition Grants			
	84.365	FY 2020-2022	1,696
		FY 2022-2024	<u>47,523</u>
Total for program			49,219
Supporting Effective Instruction State Grants			
	84.367	FY 2021-2022	3,567
		FY 2022-2023	<u>98,640</u>
Total for program			102,207
Student Support and Academic Enrichment Grants			
	84.424	FY 2021-2023	68,748
Charter Schools			
Teacher Recruitment Retention Grant	84.282A	FY 2020–2023	3,960
Teacher Recruitment Retention Grant	84.282A	FY 2022–2023	339,743
Facilities Incentive Program	84.282D	FY 2022- 2023	<u>389,873</u>
Total for program			733,576
COVID-19 – Education Stabilization Fund			
Elementary and Secondary School Emergency Relief (ESSER I and II) Fund			
	84.425D	FY 2020-2024	24,546
American Rescue Plan Elementary and Secondary Emergency Relief (ARP ESSER) Fund	84.425U	FY 2020-2024	<u>3,369,636</u>
Total for program			<u>3,394,182</u>
Total U.S. Department of Education			<u>5,757,817</u>

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2023

Federal Grantor/Pass-through <u>Grantor/Program Title</u>	Assistance Listing <u>Number</u>	Identifying <u>Number</u>	Total Federal <u>Expenditures</u>
<u>Federal Communications Commission</u> Passed through Indiana Department of Education Emergency Connectivity Fund Program	32.009	FY 2021-2022	\$ <u>180,516</u>
Total Expenditures of Federal Awards			\$ <u>7,332,508</u>

See accompanying note to the schedule of expenditures of federal awards.

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of CHS under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of CHS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of CHS.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. CHS has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Such expenditures are recognized following, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 – OTHER INFORMATION

CHS did not have any subrecipient activity for the period of July 1, 2022 through June 30, 2023.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Christel House Academy, Inc.
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Christel House Academy, Inc. (d/b/a Christel House Schools' or "CHS"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Christel House Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Christel House Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Christel House Schools' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Christel House Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
March 28, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Directors
Christel House Academy, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program***Opinion on Each Major Federal Program***

We have audited Christel House Academy, Inc. (d/b/a Christel House Schools' or "CHS") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Christel House Schools' major federal programs for the year ended June 30, 2023. Christel House Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Christel House Schools' complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Christel House Schools' and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Christel House Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Christel House Schools' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Christel House Schools' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Christel House Schools' compliance with the requirements of each major federal program.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 Christel House Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Christel House Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Christel House Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
March 28, 2024

CHRISTEL HOUSE ACADEMY, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COST
 Year ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes No

Compliance:

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ Yes No

Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes None noted

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? _____ Yes No

Compliance with requirements applicable to each major program:

Identification of major program(s):

<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
<u>Number(s)</u>	
84.282A, 84.282D	Charter School Program
84.425D, 84.282U	COVID-19 - Education Stabilization Fund
10.553, 10.555, 10.559, 10.582	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None
