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December 20, 2017

Charter School Board  
Christel House Academy, Inc.  
d/b/a Christel House Schools  
2717 S East St.  
Indianapolis, IN 46225

We have reviewed the report prepared by Christel House Academy, Inc. d/b/a Christel House Schools and opined upon by Crowe Horwath LLP, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. 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, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe Horwath LLP prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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

  
Paul D. Joyce, CPA  
State Examiner

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

**FINANCIAL STATEMENTS**  
June 30, 2017 and 2016

CHRISTEL HOUSE ACADEMY, INC.

FINANCIAL STATEMENTS  
June 30, 2017 and 2016

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## INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Christel House Academy, Inc. which comprise the statements of financial position as of June 30, 2017 and 2016 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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(Continued)

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christel House Academy, Inc. as of June 30, 2017 and 2016 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.

### ***Other Matters***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 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*, the schedules of financial position - school level, and the 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 November 21, 2017 on our consideration of Christel House Academy, Inc.'s 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 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 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 Christel House Academy, Inc.'s internal control over financial reporting and compliance.

*Crowe Horwath LLP*

Crowe Horwath LLP

Indianapolis, Indiana  
November 21, 2017

CHRISTEL HOUSE ACADEMY, INC.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 2,830,177	\$ 2,101,418
Grants receivable	180,697	164,809
Prepaid expenses	<u>77,247</u>	<u>78,480</u>
Total current assets	3,088,121	2,344,707
Property and equipment, net	<u>942,600</u>	<u>805,888</u>
	<u>\$ 4,030,721</u>	<u>\$ 3,150,595</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 201,487	\$ 97,377
Due to Christel House International, Inc.	131,250	131,250
Accrued payroll	819,964	678,544
Accrued incentive compensation	<u>598,016</u>	<u>341,000</u>
Total current liabilities	<u>1,750,717</u>	<u>1,248,171</u>
Net Assets		
Unrestricted	2,150,179	1,404,587
Temporary restricted	<u>129,825</u>	<u>497,837</u>
Total net assets	<u>2,280,004</u>	<u>1,902,424</u>
	<u>\$ 4,030,721</u>	<u>\$ 3,150,595</u>

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See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC  
STATEMENTS OF ACTIVITIES  
Years ended June 30, 2017 and 2016

	2017			2016		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Public support and revenues</b>						
State support	\$ 9,740,296	\$ -	\$ 9,740,296	\$ 8,539,399	\$ -	\$ 8,539,399
Grant revenue	3,231,342	-	3,231,342	3,247,776	-	3,247,776
Contributions	2,242,109	105,673	2,347,782	1,760,534	478,165	2,238,699
Student fees	59,763	-	59,763	53,311	-	53,311
Other revenue	11,439	-	11,439	7,318	-	7,318
Net assets released from restriction	<u>473,685</u>	<u>(473,685)</u>	<u>-</u>	<u>1,084,359</u>	<u>(1,084,359)</u>	<u>-</u>
<b>Total public support and revenues</b>	<u>15,758,634</u>	<u>(368,012)</u>	<u>15,390,622</u>	<u>14,692,697</u>	<u>(606,194)</u>	<u>14,086,503</u>
<b>Expenses</b>						
Program services						
K-12 learning programs	11,058,168	-	11,058,168	10,453,768	-	10,453,768
Adult learning programs	3,302,897	-	3,302,897	2,616,685	-	2,616,685
Teacher training program	<u>15,540</u>	<u>-</u>	<u>15,540</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total program services</b>	<u>14,376,605</u>	<u>-</u>	<u>14,376,605</u>	<u>13,070,453</u>	<u>-</u>	<u>13,070,453</u>
General and administrative	<u>636,437</u>	<u>-</u>	<u>636,437</u>	<u>502,813</u>	<u>-</u>	<u>502,813</u>
<b>Total expenses</b>	<u>15,013,042</u>	<u>-</u>	<u>15,013,042</u>	<u>13,573,266</u>	<u>-</u>	<u>13,573,266</u>
Change in net assets	745,592	(368,012)	377,580	1,119,431	(606,194)	513,237
Net assets, beginning of year	<u>1,404,587</u>	<u>497,837</u>	<u>1,902,424</u>	<u>285,156</u>	<u>1,104,031</u>	<u>1,389,187</u>
Net assets, end of year	<u>\$ 2,150,179</u>	<u>\$ 129,825</u>	<u>\$ 2,280,004</u>	<u>\$ 1,404,587</u>	<u>\$ 497,837</u>	<u>\$ 1,902,424</u>

See accompanying notes to financial statements.

**CHRISTEL HOUSE ACADEMY, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 377,580	\$ 513,237
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	209,447	210,162
Loss on disposal of property and equipment	-	1,769
Changes in assets and liabilities		
Grants receivable	(15,888)	157,759
Prepaid expense	1,233	(78,480)
Accounts payable	104,110	(224,477)
Due to Christel House International, Inc.	-	(133,326)
Accrued payroll	141,420	(26,069)
Accrued incentive compensation	257,016	170,060
Net cash provided from operating activities	<u>1,074,918</u>	<u>590,635</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	<u>(346,159)</u>	<u>(329,646)</u>
Net cash used for investing activities	<u>(346,159)</u>	<u>(329,646)</u>
<b>Cash flows from financing activities</b>		
Payments on advance from Christel House International, Inc.	<u>-</u>	<u>(139,545)</u>
Net cash used for financing activities	<u>-</u>	<u>(139,545)</u>
Net change in cash and cash equivalents	728,759	121,444
Cash and cash equivalents, beginning of year	<u>2,101,418</u>	<u>1,979,974</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,830,177</u>	<u>\$ 2,101,418</u>
<b>Supplemental disclosures</b>		
Interest paid	\$ -	\$ 3,028
In-kind contributions	702,272	605,965

See accompanying notes to financial statements.

**CHRISTEL HOUSE ACADEMY, INC**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years ended June 30, 2017 and 2016

	<u>Program Services</u>			<u>Management and General</u>	<u>Total Expenses</u>
	<u>K-12 Learning</u>	<u>Adult Learning</u>	<u>Teacher Training</u>		
	<b>2017</b>				
Salaries and benefits	\$ 6,652,695	\$ 2,091,560	\$ 10,656	\$ 365,113	\$ 9,120,024
Instructional services	463,502	42,634	135	-	506,271
Accounting and payroll services	-	-	-	64,921	64,921
Administrative services	-	-	-	17,994	17,994
Lobbying expenses	-	-	-	42,600	42,600
Legal services	-	-	-	8,148	8,148
Authorizer fees	-	-	-	49,125	49,125
Recruitment and placement	16,199	2,912	113	-	19,224
Technology services	146,337	89,088	81	-	235,506
Professional development	72,406	29,401	1,545	-	103,352
Nursing services	110,000	-	-	-	110,000
Course materials and supplies	293,395	49,378	781	-	343,554
Nutritional support	627,539	-	-	-	627,539
Advertising	17,961	22,246	2,208	-	42,415
Travel and entertainment	6,946	6,329	21	-	13,296
Vehicle and transportation	376,662	43,200	-	-	419,862
Facilities rental	1,489,200	641,230	-	-	2,130,430
Facilities (insurance, utilities, maintenance)	606,104	254,189	-	88,536	948,829
Equipment rental	505	-	-	-	505
Depreciation and amortization	178,717	30,730	-	-	209,447
	<u>\$ 11,058,168</u>	<u>\$ 3,302,897</u>	<u>\$ 15,540</u>	<u>\$ 636,437</u>	<u>\$ 15,013,042</u>
	<b>2016</b>				
Salaries and benefits	\$ 6,079,420	\$ 1,701,004	-	\$ 315,645	\$ 8,096,069
Instructional services	406,667	48,650	-	-	455,317
Accounting and payroll services	-	-	-	65,399	65,399
Administrative services	-	-	-	23,264	23,264
Legal services	-	-	-	8,160	8,160
Recruitment and placement	8,097	4,376	-	-	12,473
Technology services	198,234	82,289	-	-	280,523
Professional development	49,050	19,074	-	-	68,124
Nursing services	109,970	-	-	-	109,970
Course materials and supplies	261,543	54,845	-	-	316,388
Nutritional support	532,865	-	-	-	532,865
Advertising	22,206	20,556	-	-	42,762
Travel and entertainment	14,301	14,543	-	-	28,844
Vehicle and transportation	354,716	35,498	-	-	390,214
Facilities rental	1,619,241	436,276	-	-	2,055,517
Facilities (insurance, utilities, maintenance)	604,865	179,384	-	87,317	871,566
Equipment rental	692	160	-	-	852
Depreciation and amortization	190,132	20,030	-	-	210,162
Loss on disposal	1,769	-	-	-	1,769
Interest expense	-	-	-	3,028	3,028
	<u>\$ 10,453,768</u>	<u>\$ 2,616,685</u>	<u>\$ -</u>	<u>\$ 502,813</u>	<u>\$ 13,573,266</u>

See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years ended June 30, 2017 and 2016

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**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 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, while completing high school course requirements, through a Gateway to College program.

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, 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. Christel House IndyTeach commenced planning activities and will provide a competency based workplace training program for apprentice teachers starting in July 2017 in collaboration with all Christel House schools. Those apprentice teachers who successfully complete the yearlong program will be eligible for an Indiana Teacher's License. The program will increase in size in subsequent years and provide newly licensed teachers to be employed by the Christel House schools.

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.

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(Continued)

CHRISTEL HOUSE ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years ended June 30, 2017 and 2016

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

CHS has adopted applicable guidance with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit will be recorded.

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, 2017 and 2016.

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 three classes of net assets:

Unrestricted Net Assets – The unrestricted net asset class includes general assets and liabilities of the Organization. The unrestricted net assets of CHS may be used at the discretion of management to support CHS's purposes and operations.

Temporarily Restricted Net Assets – The temporarily restricted net asset 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.

Permanently Restricted Net Assets – The permanently restricted net asset class 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 permanently restricted net assets as of June 30, 2017 and 2016.

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.

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, 2017 and 2016.

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(Continued)

CHRISTEL HOUSE ACADEMY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 Years ended June 30, 2017 and 2016

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. 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

**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, 2017 and 2016, management believes that no impairment exists.

**Federal and State Grants:** Support funded by grants is recognized as CHS performs the contracted services under various grant agreements. Grant revenue is typically recognized as earned as the eligible expenses are incurred. Some of 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.

**Contributions:** Contributions are recognized in the period that the promise to give is received. Unless specifically restricted by the donor, all contributions are considered available for unrestricted use. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. If a restriction is fulfilled in the same time period in which the contribution is received, CHS reports the support as unrestricted.

CHS received in-kind contributions during the year ended June 30, 2017 and 2016, respectively as follows:

	<u>2017</u>	<u>2016</u>
Rent provided by Christel House International	\$ 382,200	\$ 382,200
Nursing services	110,000	109,970
Classroom and office space	173,230	74,195
Furniture, other professional services, and uniforms	<u>36,842</u>	<u>39,600</u>
	<u>\$ 702,272</u>	<u>\$ 605,965</u>

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.

**Revenue Recognition:** 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.

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(Continued)

CHRISTEL HOUSE ACADEMY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 Years ended June 30, 2017 and 2016

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Expense Allocation:** The costs of providing the various programs and other activities have been summarized in the statement of activities. Some expenses relate directly to specific programs or supportive services while others do not. Expenses that relate to more than one program or supporting service are allocated among the applicable functions. The allocation is based on a formula contained within the grant documents.

Costs are allocated to the programs and supporting services. 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.

**Reclassifications:** Certain reclassifications have been made to present last year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no effect on the change in net assets or total net assets.

**Subsequent Events:** Management has performed an analysis of the activities and transactions subsequent to June 30, 2017, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2017. Management has performed their analysis through November 21, 2017, the date the financial statements were available to be issued.

**NOTE 2 - GRANTS RECEIVABLE**

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

	<u>2017</u>	<u>2016</u>
Twenty-First Century Community Learning Centers	\$ 75,825	\$ 9,604
Federal Summer Food Service	34,727	32,200
Public Charter School Program (PCSP) Grant	34,582	86,640
Title I, Part A	17,060	31,890
Special Education Cluster (IDEA)	12,578	3,442
English Language Acquisition Grants (Title III)	4,407	428
Other	1,518	70
Improving Teacher Quality State Grants (Title II)	<u>-</u>	<u>535</u>
	<u>\$ 180,697</u>	<u>\$ 164,809</u>

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(Continued)

CHRISTEL HOUSE ACADEMY, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 Years ended June 30, 2017 and 2016

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**NOTE 3 – PROPERTY AND EQUIPMENT**

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

	<u>2017</u>	<u>2016</u>
Furniture and equipment	\$ 1,844,260	\$ 1,672,507
Leasehold improvements	266,082	226,217
Textbooks	<u>26,039</u>	<u>132,843</u>
	2,136,381	2,194,576
Less: accumulated depreciation	<u>(1,193,781)</u>	<u>(1,388,688)</u>
	<u>\$ 942,600</u>	<u>\$ 805,888</u>

Depreciation expense for the period ended June 30, 2017 and 2016 was \$209,447 and \$210,162, respectively.

**NOTE 4 - OPERATING LEASES**

CHS entered into a 25 year lease with Christel House International, Inc. for educational facilities located at 2717 South East Street, Indianapolis, Indiana. The lease expires on June 30, 2034 with an option to extend the lease for two additional five year periods.

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.

Annual rent amounts under the leases are adjustable annually based on various occupancy costs of Christel House International, Inc., however, in the absence of an agreement, 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 year ended June 30, 2017 and 2016, \$2,130,430 and \$2,055,517 was expensed for educational facility rent, of which \$555,430 and \$456,395 was recorded as in-kind, respectively. See Note 7.

CHS also leases copiers under lease agreements with terms through April of 2020. During the year ended June 30, 2017 and 2016, \$19,965 and \$20,412 was expensed, respectively.

The future minimum rental payments required under the operating leases for the years subsequent to June 30, 2017, are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 1,593,624
2019	1,593,375
2020	1,581,996
2021	1,575,166
2022	1,575,000
Thereafter	<u>21,099,160</u>
	<u>\$ 22,692,535</u>

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(Continued)

CHRISTEL HOUSE ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years ended June 30, 2017 and 2016

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**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 \$397,303 and \$352,841 for the years ended June 30, 2017 and 2016, respectively.

CHS's faculty and certain administrative employees are participants in a 403(b) defined contribution retirement plan. 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 \$401,964 and \$358,394 for the years ended June 30, 2017 and 2016, 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 \$598,016 and \$341,000 is recorded for the plan as accrued incentive compensation on the statement of financial position as of June 30, 2017 and 2016, 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 the CHS. CHS rents its facility through Christel House International, Inc. CHS recorded a payable to Christel House International, Inc. in the amount of \$131,250 as of June 30, 2017 and 2016. If CHS is unable to make a rental payment, it accrues an advance from Christel House International, Inc.

During the years ended June 30, 2017 and 2016, \$1,620,528 and \$1,618,746 was received from Christel House International, Inc. in the form of directed contributions. Additionally, \$382,200 of in-kind rent was recognized for space leased from Christel House International, Inc. during both years. In total, these contributions represent 85% and 89% of total contributions revenue for the years ended June 30, 2017 and 2016, respectively.

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(Continued)

CHRISTEL HOUSE ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
Years ended June 30, 2017 and 2016

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**NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Student support services	\$ 64,691	\$ -
College for Every Student program	12,262	27,088
Dual credit program	10,234	25,425
Student of the Month lunches	3,978	4,016
Christel House International, Inc. funding	-	286,191
STARS remediation program	-	92,916
Other	<u>38,660</u>	<u>62,201</u>
	<u>\$ 129,825</u>	<u>\$ 497,837</u>

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. As of June 30, CHS had released the following restrictions:

	<u>2017</u>	<u>2016</u>
Christel House International, Inc. funding	\$ 286,191	\$ 600,000
STARS remediation program	92,916	-
DORS West start-up activities	19,671	232,449
Dual Credit program	15,191	-
College for Every Student program	14,827	-
College Trailblazers	14,730	10,000
Jumpstart	4,466	6,462
Camptown	4,300	-
Summer enrichment	3,361	-
Sodexo Scholar program	2,500	2,500
Student of the Month lunches	2,359	-
Rotary service learning projects	322	8,000
Academy West start-up activities	-	111,071
Fitness trails	-	87,522
Other	<u>12,851</u>	<u>26,355</u>
	<u>\$ 473,685</u>	<u>\$ 1,084,359</u>

**SUPPLEMENTARY INFORMATION**

CHRISTEL HOUSE ACADEMY, INC.  
SCHEDULE OF FINANCIAL POSITION – SCHOOL LEVEL  
June 30, 2017

	Academy <u>South</u>	Academy <u>West</u>	DORS <u>South</u>	DORS <u>West</u>	Indy <u>Teach</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	\$ 1,137,819	\$ 661,051	\$ 774,176	\$ 257,131	\$ -	\$ -	\$ 2,830,177
Inter-network receivable	34,062	-	-	-	-	(34,062)	-
Grants receivable	101,695	44,120	-	34,882	-	-	180,697
Prepaid expenses	45,993	13,860	7,971	9,423	-	-	77,247
Total current assets	<u>1,319,569</u>	<u>719,031</u>	<u>782,147</u>	<u>301,436</u>	-	(34,062)	<u>3,088,121</u>
Property and equipment, net	<u>396,383</u>	<u>300,355</u>	<u>87,936</u>	<u>157,926</u>	-	-	<u>942,600</u>
	<u>\$ 1,715,952</u>	<u>\$ 1,019,386</u>	<u>\$ 870,083</u>	<u>\$ 459,362</u>	<u>\$ -</u>	<u>\$ (34,062)</u>	<u>\$ 4,030,721</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>Current liabilities</b>							
Accounts payable	\$ 147,333	\$ 45,487	\$ 6,389	\$ 2,278	\$ -	\$ -	\$ 201,487
Inter-network payable	-	9,081	15,344	9,637	-	(34,062)	-
Due to Christel House International, Inc.	45,375	46,875	23,375	15,625	-	-	131,250
Accrued payroll	423,681	184,893	117,106	94,284	-	-	819,964
Accrued incentive compensation	361,505	117,497	68,277	50,737	-	-	598,016
Total current liabilities	<u>977,894</u>	<u>403,833</u>	<u>230,491</u>	<u>172,561</u>	-	(34,062)	<u>1,751,717</u>
<b>Net Assets</b>							
Unrestricted	671,748	614,891	607,009	286,801	-	-	2,150,179
Temporarily restricted	96,310	662	32,853	-	-	-	129,825
Total net assets	<u>738,058</u>	<u>615,553</u>	<u>639,592</u>	<u>286,801</u>	-	-	<u>2,280,004</u>
	<u>\$ 1,715,952</u>	<u>\$ 1,019,386</u>	<u>\$ 870,083</u>	<u>\$ 459,362</u>	<u>\$ -</u>	<u>\$ (34,062)</u>	<u>\$ 4,030,721</u>

CHRISTEL HOUSE ACADEMY, INC.  
SCHEDULE OF FINANCIAL POSITION – SCHOOL LEVEL  
June 30, 2016

	Academy South	Academy West	DORS South	DORS West	Indy Teach	Eliminations	Total
<b>ASSETS</b>							
<b>Current assets</b>							
Cash and cash equivalents	\$ 1,078,445	\$ 581,815	\$ 260,931	\$ 180,227	\$ -	\$ -	\$ 2,101,418
Inter-network receivable	-	-	347,780	-	-	(347,780)	-
Grants receivable	61,216	82,757	-	20,836	-	-	164,809
Prepaid expenses	48,600	13,080	7,350	9,450	-	-	78,480
Total current assets	<u>1,188,261</u>	<u>677,652</u>	<u>616,061</u>	<u>210,513</u>	-	(347,780)	<u>2,344,707</u>
Property and equipment, net	<u>332,055</u>	<u>362,294</u>	<u>21,835</u>	<u>89,704</u>	-	-	<u>805,888</u>
	<u>\$ 1,520,316</u>	<u>\$ 1,039,946</u>	<u>\$ 637,896</u>	<u>\$ 300,217</u>	<u>\$ -</u>	<u>\$ (347,780)</u>	<u>\$ 3,150,595</u>
<b>LIABILITIES AND NET ASSETS</b>							
<b>Current liabilities</b>							
Accounts payable	\$ 66,466	\$ 21,702	\$ 3,994	\$ 5,215	\$ -	\$ -	\$ 97,377
Inter-network payable	142,568	203,126	-	2,086	-	(347,780)	-
Due to Christel House International, Inc.	47,437	53,125	21,313	9,375	-	-	131,250
Accrued payroll	389,601	138,179	75,459	75,305	-	-	678,544
Accrued incentive compensation	209,567	64,297	41,610	25,526	-	-	341,000
Total current liabilities	<u>855,639</u>	<u>480,429</u>	<u>142,376</u>	<u>117,507</u>	-	(347,780)	<u>1,248,171</u>
<b>Net Assets</b>							
Unrestricted	508,372	237,656	495,520	163,039	-	-	1,404,587
Temporarily restricted	156,305	321,861	-	19,671	-	-	497,837
Total net assets	<u>664,677</u>	<u>559,517</u>	<u>495,520</u>	<u>182,710</u>	-	-	<u>1,902,424</u>
	<u>\$ 1,520,316</u>	<u>\$ 1,039,946</u>	<u>\$ 637,896</u>	<u>\$ 300,217</u>	<u>\$ -</u>	<u>\$ (347,780)</u>	<u>\$ 3,150,595</u>

CHRISTEL HOUSE ACADEMY, INC.  
SCHEDULE OF ACTIVITIES – SCHOOL LEVEL  
Year ended June 30, 2017

	<u>Academy South</u>	<u>Academy West</u>	<u>DORS South</u>	<u>DORS West</u>	<u>Indy Teach</u>	<u>Eliminations</u>	<u>Total</u>
<b>Public support and revenues</b>							
State support	\$ 4,570,585	\$ 1,869,711	\$ 1,980,000	\$ 1,320,000	\$ -	\$ -	\$ 9,740,296
Grant revenue	2,143,603	811,368	5,249	271,122	-	-	3,231,342
Contributions	1,297,221	815,187	213,273	2,101	20,000	-	2,347,782
Student fees	45,850	13,109	415	389	-	-	59,763
Other revenue	<u>4,152</u>	<u>4,470</u>	<u>2,223</u>	<u>594</u>	<u>-</u>	<u>-</u>	<u>11,439</u>
Total public support and revenues	<u>8,061,411</u>	<u>3,513,845</u>	<u>2,201,160</u>	<u>1,594,206</u>	<u>20,000</u>	<u>-</u>	<u>15,390,622</u>
<b>Expenses</b>							
Program services							
K-12 learning programs	7,704,829	3,353,339	-	-	-	-	11,058,168
Adult learning programs	-	-	1,888,135	1,414,762	-	-	3,302,897
Teacher training program	-	-	-	-	15,540	-	15,540
Total program expenses	<u>7,704,829</u>	<u>3,353,339</u>	<u>1,888,135</u>	<u>1,414,762</u>	<u>15,540</u>	<u>-</u>	<u>14,376,605</u>
General and administrative	<u>283,201</u>	<u>104,470</u>	<u>168,953</u>	<u>75,353</u>	<u>4,460</u>	<u>-</u>	<u>636,437</u>
Total expenses	<u>7,988,030</u>	<u>3,457,809</u>	<u>2,057,088</u>	<u>1,490,115</u>	<u>20,000</u>	<u>-</u>	<u>15,013,042</u>
Change in net assets	73,381	56,036	144,072	104,091	-	-	377,580
Net assets, beginning of year	<u>664,677</u>	<u>559,517</u>	<u>495,520</u>	<u>182,710</u>	<u>-</u>	<u>-</u>	<u>1,902,424</u>
Net assets, end of year	<u>\$ 738,058</u>	<u>\$ 615,553</u>	<u>\$ 639,592</u>	<u>\$ 286,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,280,004</u>

CHRISTEL HOUSE ACADEMY, INC.  
SCHEDULE OF ACTIVITIES – SCHOOL LEVEL  
Year ended June 30, 2016

	<u>Academy South</u>	<u>Academy West</u>	<u>DORS South</u>	<u>DORS West</u>	<u>Indy Teach</u>	<u>Eliminations</u>	<u>Total</u>
<b>Public support and revenues</b>							
State support	\$ 4,438,386	\$ 1,309,213	\$ 1,798,500	\$ 993,300	\$ -	\$ -	\$ 8,539,399
Grant revenue	2,090,064	886,904	1,110	269,698	-	-	3,247,776
Contributions	1,199,154	933,994	105,550	1	-	-	2,238,699
Student fees	43,650	9,110	521	30	-	-	53,311
Other revenue	<u>5,204</u>	<u>1,789</u>	<u>308</u>	<u>17</u>	-	-	<u>7,318</u>
 Total public support and revenues	 <u>7,776,458</u>	 <u>3,141,010</u>	 <u>1,905,989</u>	 <u>1,263,046</u>	 -	 -	 <u>14,086,503</u>
<b>Expenses</b>							
Program services							
K-12 learning programs	7,460,669	2,993,099	-	-	-	-	10,453,768
Adult learning programs	-	-	<u>1,442,698</u>	<u>1,173,987</u>	-	-	<u>2,616,685</u>
Total program expenses	<u>7,460,669</u>	<u>2,993,099</u>	<u>1,442,698</u>	<u>1,173,987</u>	-	-	<u>13,070,453</u>
General and administrative	<u>252,464</u>	<u>96,735</u>	<u>96,520</u>	<u>57,094</u>	-	-	<u>502,813</u>
Total expenses	<u>7,713,133</u>	<u>3,089,834</u>	<u>1,539,218</u>	<u>1,231,081</u>	-	-	<u>13,573,266</u>
 Change in net assets	 63,325	 51,176	 366,771	 31,965	 -	 -	 513,237
 Net assets, beginning of year	 <u>601,352</u>	 <u>508,341</u>	 <u>128,749</u>	 <u>150,745</u>	 -	 -	 <u>1,389,187</u>
 Net assets, end of year	 <u>\$ 664,677</u>	 <u>\$ 559,517</u>	 <u>\$ 495,520</u>	 <u>\$ 182,710</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 1,902,424</u>

CHRISTEL HOUSE ACADEMY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2017

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Identifying Number</u>	<u>Total Federal Expenditures</u>
<b><u>U.S. Department of Agriculture</u></b>			
Passed through the Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	FY 2016-2017	\$ 220,285
National School Lunch Program	10.555	FY 2016-2017	390,003
Summer Food Service Program for Children	10.559	FY 2016-2017	<u>32,125</u>
Total Child Nutrition Cluster			642,413
Fresh fruit and vegetable program	10.582	FY 2016-2017	36,660
NSLP Equipment Grant	10.579	FY 2016-2017	<u>14,241</u>
Total U.S. Department of Agriculture			<u>693,314</u>
<b><u>U.S. Department of Education</u></b>			
Passed through Indiana Department of Education			
Title I, Part A Cluster			
Grants to Local Educational Agencies	84.010	FY 2015-2016 FY 2016-2017	54,549 <u>849,854</u>
Total for program			<u>904,403</u>
Special Education Cluster (IDEA)			
Special Education- Grants to States	84.027	FY 2015-2017 FY 2016-2018	29,806 <u>86,301</u>
Total for program			<u>116,107</u>
Public Charter School Program Planning Grant	84.282	A58-6-16OT-3323 A58-6-16OT-3331	709 <u>277,664</u>
Total for program			<u>278,373</u>
Twenty-First Century Community Learning Centers	84.287	FY 2016-2017 FY 2017-2018	210,396 <u>71,309</u>
Total for program			<u>281,705</u>
English Language Acquisition Grants	84.365	FY 2015-2017 FY 2016-2018	4,936 <u>35,249</u>
Total for program			<u>40,185</u>
Improving Teacher Quality State Grants	84.367	FY 2015-2017 FY 2016-2018	2,674 <u>79,330</u>
Total for program			<u>82,004</u>
Total U.S. Department of Education			<u>1,702,777</u>
<b><u>Corporation of National and Community Service</u></b>			
Americorps Planning Grant	94.006	FY 2016-2017	<u>16,958</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 2,413,049</u></b>

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, 2017

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**NOTE 1 - BASIS OF PRESENTATION**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, *Cost Principles for Educational Institutions* or 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. CHS has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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, 2017, 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 November 21, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CHS's internal control over financial reporting (internal control) to determine the 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 the CHS's internal control. Accordingly, we do not express an opinion on the effectiveness of CHS's 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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CHS's financial statements are free of 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 determination of financial statement amounts. 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 over financial reporting 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 Horwath LLP*

Crowe Horwath LLP

Indianapolis, Indiana  
November 21, 2017

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

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

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

We have audited Christel House Academy, Inc.'s (d/b/a Christel House Schools or "CHS") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on CHS's major federal program for the year ended June 30, 2017. CHS's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for CHS's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CHS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of CHS's compliance.

***Opinion on Each Major Federal Program***

In our opinion, CHS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

## Report on Internal Control Over Compliance

Management of CHS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CHS's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CHS's 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 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.

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

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 Horwath LLP*  
Crowe Horwath LLP

Indianapolis, Indiana  
November 21, 2017

CHRISTEL HOUSE ACADEMY, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year ended June 30, 2017

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**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   X   No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes   X   No

Compliance:

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

*Federal Awards*

Internal Control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes   X   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   X   No

Compliance with requirements applicable to each major program:

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A Cluster Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? \_\_\_\_\_   X   Yes \_\_\_\_\_ No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

None

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

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CHRISTEL HOUSE ACADEMY, INC.  
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2017

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None.