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December 19, 2018

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 LLP, Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. 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, 2018 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 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, 2018 and 2017

CHRISTEL HOUSE ACADEMY, INC.

FINANCIAL STATEMENTS
June 30, 2018 and 2017

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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, 2018 and 2017 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.

(Continued)

Opinion

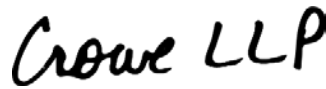
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christel House Academy, Inc. as of June 30, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles 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 30, 2018 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 LLP

Indianapolis, Indiana
November 30, 2018

CHRISTEL HOUSE ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 3,090,697	\$ 2,830,177
Grants receivable	253,548	180,697
Prepaid expenses	<u>2,515</u>	<u>77,247</u>
Total current assets	3,346,760	3,088,121
Non-current assets		
Property and equipment, net	<u>924,021</u>	<u>942,600</u>
	<u>\$ 4,270,781</u>	<u>\$ 4,030,721</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 377,731	\$ 201,487
Due to Christel House International, Inc.	523	131,250
Accrued payroll	703,381	819,964
Accrued incentive compensation	<u>68,400</u>	<u>337,037</u>
Total current liabilities	<u>1,150,035</u>	<u>1,489,738</u>
Non-current liabilities		
Accrued incentive compensation	<u>254,760</u>	<u>260,979</u>
Total liabilities	<u>1,404,795</u>	<u>1,750,717</u>
Net assets		
Unrestricted	2,809,920	2,150,179
Temporary restricted	<u>56,066</u>	<u>129,825</u>
Total net assets	<u>2,865,986</u>	<u>2,280,004</u>
	<u>\$ 4,270,781</u>	<u>\$ 4,030,721</u>

See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2018 and 2017

	2018			2017		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenues						
State support	\$ 10,685,763	\$ -	\$ 10,685,763	\$ 9,740,296	\$ -	\$ 9,740,296
Grant revenue	3,369,279	-	3,369,279	3,231,342	-	3,231,342
Contributions	2,573,725	44,789	2,618,514	2,242,109	105,673	2,347,782
Student fees	70,321	-	70,321	59,763	-	59,763
Other revenue	56,368	-	56,368	11,439	-	11,439
Net assets released from restriction	<u>118,548</u>	<u>(118,548)</u>	<u>-</u>	<u>473,685</u>	<u>(473,685)</u>	<u>-</u>
Total public support and revenues	<u>16,874,004</u>	<u>(73,759)</u>	<u>16,800,245</u>	<u>15,758,634</u>	<u>(368,012)</u>	<u>15,390,622</u>
Expenses						
Program services						
K-12 learning programs	11,715,369	-	11,715,369	11,058,168	-	11,058,168
Adult learning programs	3,691,140	-	3,691,140	3,302,897	-	3,302,897
Teacher training program	<u>230,761</u>	<u>-</u>	<u>230,761</u>	<u>15,540</u>	<u>-</u>	<u>15,540</u>
Total program services	15,637,270	-	15,637,270	14,376,605	-	14,376,605
General and administrative	<u>576,993</u>	<u>-</u>	<u>576,993</u>	<u>636,437</u>	<u>-</u>	<u>636,437</u>
Total expenses	<u>16,214,263</u>	<u>-</u>	<u>16,214,263</u>	<u>15,013,042</u>	<u>-</u>	<u>15,013,042</u>
Change in net assets	659,741	(73,759)	585,982	745,592	(368,012)	377,580
Net assets, beginning 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>
Net assets, end of year	<u>\$ 2,809,920</u>	<u>\$ 56,066</u>	<u>\$ 2,865,986</u>	<u>\$ 2,150,179</u>	<u>\$ 129,825</u>	<u>\$ 2,280,004</u>

See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 585,982	\$ 377,580
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	209,458	209,447
Loss on disposal of property and equipment	406	-
Changes in assets and liabilities		
Grants receivable	(72,851)	(15,888)
Prepaid expense	74,732	1,233
Accounts payable	176,244	104,110
Due to Christel House International, Inc.	(130,727)	-
Accrued payroll	(116,583)	141,420
Accrued incentive compensation	<u>(274,856)</u>	<u>257,016</u>
Net cash provided from operating activities	<u>451,805</u>	<u>1,074,918</u>
Cash flows from investing activities		
Purchases of property and equipment	<u>(191,285)</u>	<u>(346,159)</u>
Net cash used for investing activities	<u>(191,285)</u>	<u>(346,159)</u>
Net change in cash and cash equivalents	260,520	728,759
Cash and cash equivalents, beginning of year	<u>2,830,177</u>	<u>2,101,418</u>
Cash and cash equivalents, end of year	<u>\$ 3,090,697</u>	<u>\$ 2,830,177</u>
Supplemental disclosures		
In-kind contributions	\$ 644,108	\$ 702,272

See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended June 30, 2018 and 2017

	Program Services			Management and General	Total Expenses
	K-12 Learning	Adult Learning	Teacher Training		
2018					
Salaries and benefits	\$ 6,907,859	\$ 2,387,587	\$ 181,212	\$ 301,504	\$ 9,778,162
Instructional services	538,571	117,015	-	-	655,586
Accounting and payroll services	-	-	-	63,732	63,732
Administrative services	-	-	-	6,183	6,183
Lobbying expenses	-	-	-	46,098	46,098
Legal services	-	-	-	4,324	4,324
Authorizer fees	-	-	-	69,536	69,536
Recruitment and placement	17,936	6,258	28,661	-	52,855
Technology services	171,087	85,307	4,306	-	260,700
Professional development	72,251	26,644	3,298	-	102,193
Nursing services	164,517	-	-	-	164,517
Course materials and supplies	256,753	42,624	9,637	-	309,014
Nutritional support	695,754	-	-	-	695,754
Advertising	27,922	12,128	990	-	41,040
Travel and entertainment	12,089	4,713	2,657	-	19,459
Vehicle and transportation	441,590	59,246	-	-	500,836
Facilities rental	1,489,200	595,530	-	-	2,084,730
Facilities (insurance, utilities, maintenance)	759,615	295,832	-	85,616	1,141,063
Equipment rental	5,446	3,171	-	-	8,617
Depreciation and amortization	154,373	55,085	-	-	209,458
Loss on disposal	406	-	-	-	406
	<u>\$ 11,715,369</u>	<u>\$ 3,691,140</u>	<u>\$ 230,761</u>	<u>\$ 576,993</u>	<u>\$ 16,214,263</u>
2017					
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>

See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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. 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 yearlong program are 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.

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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, 2018 and 2017.

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, 2018 and 2017.

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, 2018 and 2017.

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

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018 and 2017, 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, 2018 and 2017, respectively as follows:

	<u>2018</u>	<u>2017</u>
Rent provided by Christel House International	\$ 382,200	\$ 382,200
Nursing services	95,017	110,000
Classroom and office space	127,530	173,230
Furniture, other professional services, and uniforms	<u>39,361</u>	<u>36,842</u>
	<u>\$ 644,108</u>	<u>\$ 702,272</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.

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.

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassification: Certain prior year balances were reclassified to conform to current year presentation. The 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, 2018, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2018. Management has performed their analysis through November 30, 2018, 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>2018</u>	<u>2017</u>
Twenty-First Century Community Learning Centers	\$ 97,961	\$ 75,825
Special Education Cluster (IDEA)	44,243	12,578
Federal Summer Food Service	39,011	34,727
Title IV, Part A	35,560	-
Title I, Part A	34,011	17,060
English Language Acquisition Grants (Title III)	2,762	4,407
Public Charter School Program (PCSP) Grant	-	34,582
Other	-	1,518
	<u>\$ 253,548</u>	<u>\$ 180,697</u>

CHS has an additional grant receivable in the amount of \$250,000 for the Indy Teach program that is contingent upon approval of the grantor based upon program objectives. Due to the contingency, the receivable has not been recognized as of June 30, 2018.

NOTE 3 - PROPERTY AND EQUIPMENT

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

	<u>2018</u>	<u>2017</u>
Furniture and equipment	\$ 1,789,162	\$ 1,844,260
Leasehold improvements	370,210	266,082
Textbooks	26,039	26,039
	<u>2,185,411</u>	<u>2,136,381</u>
Less: accumulated depreciation	(1,261,390)	(1,193,781)
	<u>\$ 924,021</u>	<u>\$ 942,600</u>

Depreciation expense for the period ended June 30, 2018 and 2017 was \$209,458 and \$209,447, respectively.

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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, 2018 and 2017, \$2,084,730 and \$2,130,430 was expensed for educational facility rent, of which \$509,730 and \$555,430 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, 2018 and 2017, \$20,169 and \$19,965 was expensed for these leases, respectively.

The future minimum rental payments required under the operating leases for the years subsequent to June 30, 2018, are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 1,593,375
2020	1,581,996
2021	1,575,166
2022	1,575,000
2023	1,575,000
Thereafter	<u>21,137,500</u>
	<u>\$ 29,038,037</u>

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 \$331,901 and \$397,303 for the years ended June 30, 2018 and 2017, 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 \$491,052 and \$401,964 for the years ended June 30, 2018 and 2017, respectively.

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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 \$323,160 and \$598,016 is recorded for the plan as accrued incentive compensation on the statement of financial position as of June 30, 2018 and 2017, 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 its facility through Christel House International, Inc. CHS recorded a payable to Christel House International, Inc. in the amount of \$523 and \$131,250 as of June 30, 2018 and 2017. If CHS is unable to make a rental payment, it accrues an advance from Christel House International, Inc.

During the years ended June 30, 2018 and 2017, \$1,722,237 and \$1,620,528 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 80% and 85% of total contributions revenue for the years ended June 30, 2018 and 2017, respectively.

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Indy Teach Program	\$ 17,714	\$ -
Technology purchases	13,917	-
Dual credit program	10,234	10,234
Student of the Month lunches	4,713	3,978
Student support services	-	64,691
College for Every Student program	-	12,262
Other	<u>9,488</u>	<u>38,660</u>
	<u>\$ 56,066</u>	<u>\$ 129,825</u>

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS (Continued)

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>2018</u>	<u>2017</u>
Student support services	\$ 64,691	\$ -
College for Every Student program	12,262	14,827
Student of the Month lunches	1,657	2,359
Rotary service learning projects	727	322
Christel House International, Inc. funding	-	286,191
STARS remediation program	-	92,916
DORS West start-up activities	-	19,671
Dual Credit program	-	15,191
College Trailblazers	-	14,730
Jumpstart	-	4,466
Camptown	-	4,300
Summer enrichment	-	3,361
Sodexo Scholar program	-	2,500
Other	<u>39,211</u>	<u>12,851</u>
	<u>\$ 118,548</u>	<u>\$ 473,685</u>

SUPPLEMENTARY INFORMATION

CHRISTEL HOUSE ACADEMY, INC.
SCHEDULE OF FINANCIAL POSITION – SCHOOL LEVEL
June 30, 2018

	Academy South	Academy West	DORS South	DORS West	Indy Teach	Eliminations	Total
ASSETS							
Current assets							
Cash and cash equivalents	\$ 1,008,436	\$ 642,355	\$ 966,940	\$ 408,197	\$ 64,769	\$ -	\$ 3,090,697
Inter-network receivable	16,105	-	-	-	-	(16,105)	-
Grants receivable	146,589	105,440	1,519	-	-	-	253,548
Prepaid expenses	<u>2,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,515</u>
Total current assets	1,173,645	747,795	968,459	408,197	64,769	(16,105)	3,346,760
Non-current assets							
Property and equipment, net	<u>467,490</u>	<u>265,752</u>	<u>66,071</u>	<u>124,708</u>	<u>-</u>	<u>-</u>	<u>924,021</u>
	<u>\$ 1,641,135</u>	<u>\$ 1,013,547</u>	<u>\$ 1,034,530</u>	<u>\$ 532,905</u>	<u>\$ 64,769</u>	<u>\$ (16,105)</u>	<u>\$ 4,270,781</u>
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	\$ 229,940	\$ 106,033	\$ 31,902	\$ 4,682	\$ 5,174	\$ -	\$ 377,731
Inter-network payable	-	7,587	4,460	3,042	1,016	(16,105)	-
Due to Christel House International, Inc.	219	105	115	84	-	-	523
Accrued payroll	292,284	170,777	123,687	90,968	25,665	-	703,381
Accrued incentive compensation	<u>53,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,200</u>	<u>-</u>	<u>68,400</u>
Total current liabilities	575,643	284,502	160,164	98,776	47,055	(16,105)	1,150,035
Non-current liabilities							
Accrued incentive compensation	<u>158,460</u>	<u>56,500</u>	<u>7,348</u>	<u>32,452</u>	<u>-</u>	<u>-</u>	<u>254,760</u>
Total liabilities	<u>734,103</u>	<u>341,002</u>	<u>167,512</u>	<u>131,228</u>	<u>47,055</u>	<u>(16,105)</u>	<u>1,404,795</u>
Net Assets							
Unrestricted	874,751	666,474	867,018	401,677	-	-	2,809,920
Temporarily restricted	<u>32,281</u>	<u>6,071</u>	<u>-</u>	<u>-</u>	<u>17,714</u>	<u>-</u>	<u>56,066</u>
Total net assets	<u>907,032</u>	<u>672,545</u>	<u>867,018</u>	<u>401,677</u>	<u>17,714</u>	<u>-</u>	<u>2,865,986</u>
	<u>\$ 1,641,135</u>	<u>\$ 1,013,547</u>	<u>\$ 1,034,530</u>	<u>\$ 532,905</u>	<u>\$ 64,769</u>	<u>\$ (16,105)</u>	<u>\$ 4,270,781</u>

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

	Academy South	Academy West	DORS South	DORS West	Indy Teach	Eliminations	Total
ASSETS							
Current assets							
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	<u>45,993</u>	<u>13,860</u>	<u>7,971</u>	<u>9,423</u>	-	-	<u>77,247</u>
Total current assets	1,319,569	719,031	782,147	301,436	-	(34,062)	3,088,121
Non-current assets							
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>
LIABILITIES AND NET ASSETS							
Current liabilities							
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	<u>181,500</u>	<u>78,900</u>	<u>56,850</u>	<u>19,787</u>	-	-	<u>337,037</u>
Total current liabilities	<u>797,889</u>	<u>365,236</u>	<u>219,064</u>	<u>141,611</u>	-	(34,062)	<u>1,489,738</u>
Non-current liabilities							
Accrued incentive compensation	<u>180,005</u>	<u>38,597</u>	<u>11,427</u>	<u>30,950</u>	-	-	<u>260,979</u>
Total liabilities	<u>977,894</u>	<u>403,833</u>	<u>230,491</u>	<u>172,561</u>	-	(34,062)	<u>1,750,717</u>
Net Assets							
Unrestricted	641,748	614,891	606,739	286,801	-	-	2,150,179
Temporarily restricted	<u>96,310</u>	<u>662</u>	<u>32,853</u>	<u>-</u>	-	-	<u>129,825</u>
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 ACTIVITIES – SCHOOL LEVEL
Year ended June 30, 2018

	Academy South	Academy West	DORS South	DORS West	Indy Teach	Eliminations	Total
Public support and revenues							
State support	\$ 4,486,429	\$ 2,250,584	\$ 2,247,750	\$ 1,701,000	\$ -	\$ -	\$ 10,685,763
Grant revenue	2,179,017	1,133,687	33,601	22,974	-	-	3,369,279
Contributions	1,370,542	732,447	218,949	46,576	250,000	-	2,618,514
Student fees	54,127	15,838	-	356	-	-	70,321
Other revenue	<u>48,848</u>	<u>3,673</u>	<u>3,257</u>	<u>590</u>	<u>-</u>	<u>-</u>	<u>56,368</u>
Total public support and revenues	<u>8,138,963</u>	<u>4,136,229</u>	<u>2,503,557</u>	<u>1,771,496</u>	<u>250,000</u>	<u>-</u>	<u>16,800,245</u>
Expenses							
Program services							
K-12 learning programs	7,778,688	3,936,681	-	-	-	-	11,715,369
Adult learning programs	-	-	2,139,662	1,551,478	-	-	3,691,140
Teacher training program	-	-	-	-	<u>230,761</u>	<u>-</u>	<u>230,761</u>
Total program expenses	<u>7,778,688</u>	<u>3,936,681</u>	<u>2,139,662</u>	<u>1,551,478</u>	<u>230,761</u>	<u>-</u>	<u>15,637,270</u>
General and administrative	<u>191,301</u>	<u>142,556</u>	<u>136,469</u>	<u>105,142</u>	<u>1,525</u>	<u>-</u>	<u>576,993</u>
Total expenses	<u>7,969,989</u>	<u>4,079,237</u>	<u>2,276,131</u>	<u>1,656,620</u>	<u>232,286</u>	<u>-</u>	<u>16,214,263</u>
Change in net assets	168,974	56,992	227,426	114,876	17,714	-	585,982
Net assets, beginning 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>
Net assets, end of year	<u>\$ 907,032</u>	<u>\$ 672,545</u>	<u>\$ 867,018</u>	<u>\$ 401,677</u>	<u>\$ 17,714</u>	<u>\$ -</u>	<u>\$ 2,865,986</u>

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

	Academy South	Academy West	DORS South	DORS West	Indy Teach	Eliminations	Total
Public support and revenues							
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>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>15,390,622</u>
Expenses							
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>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>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>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>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 EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2018

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Identifying Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through the Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	FY 2017-2018	\$ 236,584
National School Lunch Program	10.555	FY 2017-2018	585,686
Summer Food Service Program for Children	10.559	FY 2017-2018	<u>34,727</u>
Total Child Nutrition Cluster			856,997
Fresh fruit and vegetable program	10.582	FY 2017-2018	<u>36,603</u>
Total U.S. Department of Agriculture			893,600
<u>U.S. Department of Education</u>			
Passed through Indiana Department of Education			
Title I, Part A Cluster			
Grants to Local Educational Agencies	84.010	FY 2017-2018	909,325
Special Education Cluster (IDEA)			
Special Education- Grants to States	84.027	FY 2015-2017	41,638
		FY 2016-2018	85,155
		FY 2017-2019	<u>104,935</u>
Total for program			231,728
Twenty-First Century Community Learning Centers	84.287	FY 2017-2018	392,149
		FY 2018-2019	<u>20,538</u>
Total for program			412,687
English Language Acquisition Grants	84.365	FY 2016-2018	10,305
		FY 2017-2019	<u>46,269</u>
Total for program			56,574
Improving Teacher Quality State Grants	84.367	FY 2016-2018	76,549
Student Support and Academic Enrichment Grants	84.424	FY 2017-2019	<u>35,560</u>
Total U.S. Department of Education			<u>1,722,423</u>
Total Expenditures of Federal Awards			<u>\$ 2,616,023</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, 2018

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, 2018, 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 30, 2018.

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.

(Continued)

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 LLP

Indianapolis, Indiana
November 30, 2018

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, 2018. 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, 2018.

(Continued)

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 LLP

Indianapolis, Indiana
November 30, 2018

CHRISTEL HOUSE ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2018

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>
10.553, 10.555, 10.559	Child Nutrition Cluster

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
