



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B54728

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)


March 27, 2020

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

We have reviewed the audit report of Christel House Academy, Inc. d/b/a Christel House Schools, which was opined upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. 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, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

  
Paul D. Joyce, CPA  
State Examiner

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

**FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

CHRISTEL HOUSE ACADEMY, INC.

FINANCIAL STATEMENTS  
June 30, 2019 and 2018

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION .....	3
STATEMENTS OF ACTIVITIES .....	4
STATEMENTS OF FUNCTIONAL EXPENSES .....	5
STATEMENTS OF CASH FLOWS .....	6
NOTES TO FINANCIAL STATEMENTS .....	7
SUPPLEMENTARY INFORMATION	
SCHEDULE OF FINANCIAL POSITION- SCHOOL LEVEL - 2019 .....	14
SCHEDULE OF FINANCIAL POSITION- SCHOOL LEVEL - 2018 .....	15
SCHEDULE OF ACTIVITIES - SCHOOL LEVEL - 2019 .....	16
SCHEDULE OF ACTIVITIES - SCHOOL LEVEL - 2018 .....	17
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	18
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	19
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 <i>GOVERNMENT AUDITING STANDARDS</i> .....	20
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORTING ON INTERNAL CONTROL OVER COMPLIANCE .....	22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS .....	24

## 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, 2019 and 2018 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, 2019 and 2018 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.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, Christel House Academy, Inc. has adopted ASU 2016-14 - *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. Our opinion is not modified with respect to this matter.

## **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 December 27, 2019 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*

Crowe LLP

Indianapolis, Indiana  
December 27, 2019

CHRISTEL HOUSE ACADEMY, INC.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 4,069,381	\$ 3,090,697
Grants receivable	259,422	253,548
Prepaid expenses	<u>24,491</u>	<u>2,515</u>
Total current assets	4,353,294	3,346,760
Non-current assets		
Property and equipment, net	<u>1,131,136</u>	<u>924,021</u>
	<u>\$ 5,484,430</u>	<u>\$ 4,270,781</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 428,728	\$ 377,731
Due to Christel House International, Inc.	131,773	523
Accrued payroll	1,018,529	703,381
Accrued incentive compensation	<u>102,593</u>	<u>68,400</u>
Total current liabilities	<u>1,681,623</u>	<u>1,150,035</u>
Non-current liabilities		
Accrued incentive compensation	<u>322,144</u>	<u>254,760</u>
Total liabilities	<u>2,003,767</u>	<u>1,404,795</u>
Net assets		
Without donor restrictions	3,409,779	2,809,920
With donor restrictions	<u>70,884</u>	<u>56,066</u>
Total net assets	<u>3,480,663</u>	<u>2,865,986</u>
	<u>\$ 5,484,430</u>	<u>\$ 4,270,781</u>

See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC.  
STATEMENTS OF ACTIVITIES  
Years ended June 30, 2019 and 2018

	2019			2018		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Public support and revenues</b>						
State support	\$ 11,734,844	\$ -	\$ 11,734,844	\$ 10,685,763	\$ -	\$ 10,685,763
Grant revenue	3,549,108	-	3,549,108	3,369,279	-	3,369,279
Contributions	3,167,359	57,599	3,224,958	2,573,725	44,789	2,618,514
Student fees	52,611	-	52,611	70,321	-	70,321
Other revenue	9,435	-	9,435	56,368	-	56,368
Net assets released from restriction	<u>42,781</u>	<u>(42,781)</u>	<u>-</u>	<u>118,548</u>	<u>(118,548)</u>	<u>-</u>
Total public support and revenues	<u>18,556,138</u>	<u>14,818</u>	<u>18,570,956</u>	<u>16,874,004</u>	<u>(73,759)</u>	<u>16,800,245</u>
<b>Expenses</b>						
Program services						
K-12 learning programs	13,020,846	-	13,020,846	11,715,369	-	11,715,369
Adult learning programs	3,900,602	-	3,900,602	3,691,140	-	3,691,140
Teacher training program	<u>290,924</u>	<u>-</u>	<u>290,924</u>	<u>230,761</u>	<u>-</u>	<u>230,761</u>
Total program services	17,212,372	-	17,212,372	15,637,270	-	15,637,270
General and administrative	<u>743,907</u>	<u>-</u>	<u>743,907</u>	<u>576,993</u>	<u>-</u>	<u>576,993</u>
Total expenses	<u>17,956,279</u>	<u>-</u>	<u>17,956,279</u>	<u>16,214,263</u>	<u>-</u>	<u>16,214,263</u>
Change in net assets	599,859	14,818	614,677	659,741	(73,759)	585,982
Net assets, beginning 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>
Net assets, end of year	<u>\$ 3,409,779</u>	<u>\$ 70,884</u>	<u>\$ 3,480,663</u>	<u>\$ 2,809,920</u>	<u>\$ 56,066</u>	<u>\$ 2,865,986</u>

See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
Years ended June 30, 2019 and 2018

	2019				
	Program Services			General and Administrative	Total Expenses
	K-12 Learning	Adult Learning	Teacher Training		
Salaries and benefits	\$ 7,672,487	\$ 2,449,626	\$ 223,590	\$ 409,037	\$ 10,754,740
Instructional services	633,169	16,653	-	-	649,822
Accounting and payroll services	-	-	-	75,707	75,707
Administrative services	-	-	-	16,162	16,162
Lobbying expenses	-	-	-	55,450	55,450
Legal services	-	-	-	73,645	73,645
Authorizer fees	-	-	-	25,299	25,299
Recruitment and placement	38,165	9,436	46,454	-	94,055
Technology services	184,918	103,595	5,445	-	293,958
Professional development	328,505	177,068	2,084	-	507,657
Nursing services	148,013	-	-	-	148,013
Course materials and supplies	325,237	51,466	11,452	-	388,155
Nutritional support	779,146	-	-	-	779,146
Advertising	21,803	16,642	-	-	38,445
Travel and entertainment	10,050	5,367	1,899	-	17,316
Vehicle and transportation	481,301	49,875	-	-	531,176
Facilities rental	1,443,450	647,350	-	-	2,090,800
Facilities (insurance, utilities, maintenance)	745,099	315,357	-	88,607	1,149,063
Equipment rental	6,645	2,886	-	-	9,531
Depreciation and amortization	202,858	55,281	-	-	258,139
	<u>\$ 13,020,846</u>	<u>\$ 3,900,602</u>	<u>\$ 290,924</u>	<u>\$ 743,907</u>	<u>\$ 17,956,279</u>
	2018				
	Program Services			General and Administrative	Total Expenses
	K-12 Learning	Adult Learning	Teacher Training		
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>

See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC.  
 STATEMENTS OF CASH FLOWS  
 Years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 614,677	\$ 585,982
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	258,139	209,458
Loss on disposal of property and equipment	-	406
Changes in assets and liabilities		
Grants receivable	(5,874)	(72,851)
Prepaid expense	(21,976)	74,732
Accounts payable	50,997	176,244
Due to Christel House International, Inc.	131,250	(130,727)
Accrued payroll	315,148	(116,583)
Accrued incentive compensation	<u>101,577</u>	<u>(274,856)</u>
Net cash provided from operating activities	<u>1,443,938</u>	<u>451,805</u>
 <b>Cash flows from investing activities</b>		
Purchases of property and equipment	<u>(465,254)</u>	<u>(191,285)</u>
Net cash used for investing activities	<u>(465,254)</u>	<u>(191,285)</u>
 Net change in cash and cash equivalents	978,684	260,520
 Cash and cash equivalents, beginning of year	<u>3,090,697</u>	<u>2,830,177</u>
 <b>Cash and cash equivalents, end of year</b>	<u>\$ 4,069,381</u>	<u>\$ 3,090,697</u>
 Supplemental disclosures		
In-kind contributions	\$ 877,496	\$ 644,108

See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

---

**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, 2019, DORS West was combined with the existing DORS entity.

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

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, 2019 and 2018.

---

(Continued)

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

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

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

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

Net Assets With Donor Restrictions – The net asset with donor restrictions class includes assets of CHS related to gifts and grants with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. This class also includes assets of CHS related to contributions of assets whose use by CHS is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of CHS. CHS had no net assets in this class as of June 30, 2019 and 2018.

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, 2019 and 2018.

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, 2019 and 2018, 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.

---

(Continued)

CHRISTEL HOUSE ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

---

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

**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 use without restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, CHS reports the support as without donor restrictions.

CHS received in-kind contributions during the year ended June 30, 2019 and 2018, respectively as follows:

	<u>2019</u>	<u>2018</u>
Rent provided by Christel House International	\$ 382,200	\$ 382,200
Professional development	307,450	-
Nursing services	-	95,017
Classroom and office space	133,600	127,530
Furniture and uniforms	<u>54,246</u>	<u>39,361</u>
	<u>\$ 877,496</u>	<u>\$ 644,108</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 statements of activities and statements of functional expenses. Some expenses relate directly to specific programs or supporting services while others do not. Expenses that relate to more than one program or supporting service are allocated among the applicable functions based upon estimates of time incurred by personnel or relative square footage of facilities.

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

**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.

**Recent Accounting Pronouncement:** On August 18, 2016, FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. CHS implemented this guidance for the year ended December 31, 2018, including retrospective application to 2017, though adoption did not have an impact on total net assets or the change in net assets.

---

(Continued)

CHRISTEL HOUSE ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

---

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

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2019, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2019. Management has performed their analysis through December 27, 2019, 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>2019</u>	<u>2018</u>
Title IV, Part A	\$ 89,063	\$ 35,560
Title I, Part A	58,291	34,011
Twenty-First Century Community Learning Centers	57,477	97,961
Federal Summer Food Service	37,101	39,011
Special Education Cluster (IDEA)	13,195	44,243
Teacher and Principal Training (Title II)	4,170	-
Other	125	-
English Language Acquisition Grants (Title III)	<u>-</u>	<u>2,762</u>
	<u>\$ 259,422</u>	<u>\$ 253,548</u>

**NOTE 3 - PROPERTY AND EQUIPMENT**

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

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 2,031,709	\$ 1,815,201
Leasehold improvements	<u>531,324</u>	<u>370,210</u>
	2,563,033	2,185,411
Less: accumulated depreciation	<u>(1,431,897)</u>	<u>(1,261,390)</u>
	<u>\$ 1,131,136</u>	<u>\$ 924,021</u>

Depreciation expense for the period ended June 30, 2019 and 2018 was \$258,139 and \$209,458, 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.

---

(Continued)

CHRISTEL HOUSE ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

---

**NOTE 4 - OPERATING LEASES** (Continued)

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 years ended June 30, 2019 and 2018, \$2,090,800 and \$2,084,730 was expensed for educational facility rent, of which \$515,800 and \$509,730 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, 2019 and 2018, \$19,920 and \$20,169 was expensed for these leases, respectively.

The future minimum rental payments required under the operating leases for the years subsequent to June 30, 2019, are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 1,581,996
2021	1,575,166
2022	1,575,000
2023	1,575,000
2024	1,575,000
Thereafter	<u>19,562,500</u>
	<u>\$ 27,444,662</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 \$288,268 and \$331,901 for the years ended June 30, 2019 and 2018, 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 \$634,064 and \$491,052 for the years ended June 30, 2019 and 2018, respectively.

---

(Continued)

CHRISTEL HOUSE ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

---

**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 \$424,737 and \$323,160 is recorded for the plan as accrued incentive compensation on the statement of financial position as of June 30, 2019 and 2018, 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 \$131,773 and \$523 as of June 30, 2019 and 2018, respectively.

During the years ended June 30, 2019 and 2018, contributions of \$2,095,625 and \$1,722,237 were received from Christel House International, Inc. 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 77% and 85% of total contributions revenue for the years ended June 30, 2019 and 2018, respectively.

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2019</u>	<u>2018</u>
Playground	\$ 23,380	\$ -
Indy Teach Program	21,681	17,714
Dual credit program	10,019	10,234
College and Careers	10,000	-
College Trailblazers	2,538	-
Student of the Month lunches	1,755	4,713
Technology purchases	-	13,917
Other	<u>1,511</u>	<u>9,488</u>
	<u>\$ 70,884</u>	<u>\$ 56,066</u>

---

(Continued)

CHRISTEL HOUSE ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018

---

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

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

	<u>2019</u>	<u>2018</u>
Indy Teach program	\$ 17,714	\$ -
Technology purchase	13,917	-
Student of the Month lunches	2,958	1,657
Dual Credit program	215	-
Student support services	-	64,691
College for Every Student program	-	12,262
Rotary service learning projects	-	727
Other	<u>7,977</u>	<u>39,211</u>
	<u>\$ 42,781</u>	<u>\$ 118,548</u>

**NOTE 9 - LIQUIDITY AND AVAILABILITY**

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

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 4,069,381	\$ 3,090,697
Grants receivable	<u>259,422</u>	<u>253,548</u>
Total financial assets	4,328,803	3,344,245
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>70,884</u>	<u>56,066</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,257,919</u>	<u>\$ 3,288,179</u>

As of June 30, 2019 and 2018, CHS was subject to a 60-day and 45-day cash-on-hand requirement from it's Authorizing agency, respectively, and complied with these requirements.

**SUPPLEMENTARY INFORMATION**

CHRISTEL HOUSE ACADEMY, INC.  
SCHEDULE OF FINANCIAL POSITION – SCHOOL LEVEL  
June 30, 2019

	Academy South	Academy West	DORS	Indy Teach	Eliminations	Total
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 1,676,542	\$ 772,397	\$ 1,586,336	\$ 34,106	\$ -	\$4,069,381
Inter-network receivable	58,833	-	538,655	-	(597,488)	-
Grants receivable	138,051	121,371	-	-	-	259,422
Prepaid expenses	<u>24,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,491</u>
Total current assets	1,897,917	893,768	2,124,991	34,106	(597,488)	4,353,294
Non-current assets						
Property and equipment, net	<u>689,616</u>	<u>298,497</u>	<u>143,023</u>	<u>-</u>	<u>-</u>	<u>1,131,136</u>
	<u>\$ 2,587,533</u>	<u>\$ 1,192,265</u>	<u>\$ 2,268,014</u>	<u>\$ 34,106</u>	<u>\$ (597,488)</u>	<u>\$5,484,430</u>
<b>LIABILITIES AND NET ASSETS</b>						
Current liabilities						
Accounts payable	\$ 321,899	\$ 81,469	\$ 13,428	\$ 11,932	\$ -	\$ 428,728
Inter-network payable	438,126	158,867	-	495	(597,488)	-
Due to Christel House International, Inc.	131,773	-	-	-	-	131,773
Accrued payroll	503,031	215,552	278,125	21,821	-	1,018,529
Accrued incentive compensation	<u>79,200</u>	<u>-</u>	<u>-</u>	<u>23,393</u>	<u>-</u>	<u>102,593</u>
Total current liabilities	<u>1,474,029</u>	<u>455,888</u>	<u>291,553</u>	<u>57,641</u>	<u>(597,488)</u>	<u>1,681,623</u>
Non-current liabilities						
Accrued incentive compensation	<u>199,892</u>	<u>56,194</u>	<u>66,058</u>	<u>-</u>	<u>-</u>	<u>322,144</u>
Total liabilities	<u>1,673,921</u>	<u>512,082</u>	<u>357,611</u>	<u>57,641</u>	<u>(597,488)</u>	<u>2,003,767</u>
Net Assets						
Without donor restrictions	866,387	678,205	1,910,403	(45,216)	-	3,409,779
With donor restrictions	<u>47,225</u>	<u>1,978</u>	<u>-</u>	<u>21,681</u>	<u>-</u>	<u>70,884</u>
Total net assets	<u>913,612</u>	<u>680,183</u>	<u>1,910,403</u>	<u>(23,535)</u>	<u>-</u>	<u>3,480,663</u>
	<u>\$ 2,587,533</u>	<u>\$ 1,192,265</u>	<u>\$ 2,268,014</u>	<u>\$ 34,106</u>	<u>\$ (597,488)</u>	<u>\$5,484,430</u>

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

	Academy South	Academy West	DORS	Indy Teach	Eliminations	Total
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 1,055,491	\$ 642,355	\$ 1,375,137	\$ 17,714	\$ -	\$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>2,515</u>
Total current assets	1,220,700	747,795	1,376,656	17,714	(16,105)	3,346,760
Non-current assets						
Property and equipment, net	<u>467,490</u>	<u>265,752</u>	<u>190,779</u>	<u>-</u>	<u>-</u>	<u>924,021</u>
	<u>\$ 1,688,190</u>	<u>\$ 1,013,547</u>	<u>\$ 1,567,435</u>	<u>\$ 17,714</u>	<u>\$ (16,105)</u>	<u>\$4,270,781</u>
<b>LIABILITIES AND NET ASSETS</b>						
Current liabilities						
Accounts payable	\$ 235,114	\$ 106,033	\$ 36,584	\$ -	\$ -	\$ 377,731
Inter-network payable	1,016	7,587	7,502	-	(16,105)	-
Due to Christel House International, Inc.	219	105	199	-	-	523
Accrued payroll	317,949	170,777	214,655	-	-	703,381
Accrued incentive compensation	<u>68,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,400</u>
Total current liabilities	622,698	284,502	258,940	-	(16,105)	1,150,035
Non-current liabilities						
Accrued incentive compensation	<u>158,460</u>	<u>56,500</u>	<u>39,800</u>	<u>-</u>	<u>-</u>	<u>254,760</u>
Total liabilities	<u>781,158</u>	<u>341,002</u>	<u>298,740</u>	<u>-</u>	<u>(16,105)</u>	<u>1,404,795</u>
Net Assets						
Without donor restrictions	874,751	666,474	1,268,695	-	-	2,809,920
With donor restrictions	<u>32,281</u>	<u>6,071</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>1,268,695</u>	<u>17,714</u>	<u>-</u>	<u>2,865,986</u>
	<u>\$ 1,688,190</u>	<u>\$ 1,013,547</u>	<u>\$ 1,567,435</u>	<u>\$ 17,714</u>	<u>\$ (16,105)</u>	<u>\$4,270,781</u>

CHRISTEL HOUSE ACADEMY, INC.  
SCHEDULE OF ACTIVITIES – SCHOOL LEVEL  
Year ended June 30, 2019

	Academy South	Academy West	DORS	Indy Teach	Eliminations	Total
<b>Public support and revenues</b>						
State support	\$ 4,516,576	\$ 2,702,518	\$ 4,515,750	\$ -	\$ -	\$ 11,734,844
Grant revenue	2,186,689	1,320,678	41,741	-	-	3,549,108
Contributions	2,227,750	461,754	285,454	250,000	-	3,224,958
Student fees	34,624	17,867	120	-	-	52,611
Other revenue	<u>3,183</u>	<u>2,190</u>	<u>4,062</u>	<u>-</u>	<u>-</u>	<u>9,435</u>
Total public support and revenues	<u>8,968,822</u>	<u>4,505,007</u>	<u>4,847,127</u>	<u>250,000</u>	<u>-</u>	<u>18,570,956</u>
<b>Expenses</b>						
Program services						
K-12 learning programs	8,664,588	4,356,258	-	-	-	13,020,846
Adult learning programs	-	-	3,900,602	-	-	3,900,602
Teacher training program	-	-	-	<u>290,924</u>	-	<u>290,924</u>
Total program expenses	8,664,588	4,356,258	3,900,602	290,924	-	17,212,372
General and administrative	<u>297,654</u>	<u>141,111</u>	<u>304,817</u>	<u>325</u>	-	<u>743,907</u>
Total expenses	<u>8,962,242</u>	<u>4,497,369</u>	<u>4,205,419</u>	<u>291,249</u>	<u>-</u>	<u>17,956,279</u>
Change in net assets	6,580	7,638	641,708	(41,249)	-	614,677
Net assets, beginning of year	<u>907,032</u>	<u>672,545</u>	<u>1,268,695</u>	<u>17,714</u>	<u>-</u>	<u>2,865,986</u>
Net assets, end of year	<u>\$ 913,612</u>	<u>\$ 680,183</u>	<u>\$ 1,910,403</u>	<u>\$ (23,535)</u>	<u>\$ -</u>	<u>\$ 3,480,663</u>

CHRISTEL HOUSE ACADEMY, INC.  
SCHEDULE OF ACTIVITIES – SCHOOL LEVEL  
Year ended June 30, 2018

	Academy South	Academy West	DORS	Indy Teach	Eliminations	Total
<b>Public support and revenues</b>						
State support	\$ 4,486,429	\$ 2,250,584	\$ 3,948,750	\$ -	\$ -	\$ 10,685,763
Grant revenue	2,179,017	1,133,687	56,575	-	-	3,369,279
Contributions	1,370,542	732,447	265,525	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>3,847</u>	-	-	<u>56,368</u>
Total public support and revenues	<u>8,138,963</u>	<u>4,136,229</u>	<u>4,275,053</u>	<u>250,000</u>	-	<u>16,800,245</u>
<b>Expenses</b>						
Program services						
K-12 learning programs	7,778,688	3,936,681	-	-	-	11,715,369
Adult learning programs	-	-	3,691,140	-	-	3,691,140
Teacher training program	-	-	-	<u>230,761</u>	-	<u>230,761</u>
Total program expenses	<u>7,778,688</u>	<u>3,936,681</u>	<u>3,691,140</u>	<u>230,761</u>	-	<u>15,637,270</u>
General and administrative	<u>191,301</u>	<u>142,556</u>	<u>241,611</u>	<u>1,525</u>	-	<u>576,993</u>
Total expenses	<u>7,969,989</u>	<u>4,079,237</u>	<u>3,932,751</u>	<u>232,286</u>	-	<u>16,214,263</u>
Change in net assets	168,974	56,992	342,302	17,714	-	585,982
Net assets, beginning of year	<u>738,058</u>	<u>615,553</u>	<u>926,393</u>	-	-	<u>2,280,004</u>
Net assets, end of year	<u>\$ 907,032</u>	<u>\$ 672,545</u>	<u>\$ 1,268,695</u>	<u>\$ 17,714</u>	<u>\$ -</u>	<u>\$ 2,865,986</u>

CHRISTEL HOUSE ACADEMY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2019

<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 2018-2019	\$ 264,748
National School Lunch Program	10.555	FY 2018-2019	633,370
Summer Food Service Program for Children	10.559	FY 2018-2019	<u>39,011</u>
Total Child Nutrition Cluster			937,129
Fresh fruit and vegetable program	10.582	FY 2018-2019	<u>53,839</u>
Total U.S. Department of Agriculture			990,968
<u>U.S. Department of Education</u>			
Passed through Indiana Department of Education			
Title I Grants to Local Educational Agencies			
	84.010	FY 2018-2019	936,642
	84.010	S010A180014	<u>50,000</u>
Total for program			986,642
Special Education Cluster (IDEA)			
Special Education- Grants to States	84.027	FY 2017-2019	82,930
		FY 2018-2020	<u>131,191</u>
Total for program			214,121
Twenty-First Century Community Learning Centers			
	84.287	FY 2018-2019	269,463
		FY 2019-2020	<u>4,076</u>
Total for program			273,539
English Language Acquisition Grants			
	84.365	FY 2017-2019	1,178
		FY 2018-2020	<u>41,723</u>
Total for program			42,901
Supporting Effective Instruction State Grants			
	84.367	FY 2018-2020	75,037
Student Support and Academic Enrichment Grants			
	84.424	FY 2017-2019	59,690
		FY 2018-2020	<u>67,388</u>
Total for program			127,078
Total U.S. Department of Education			<u>1,719,318</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 2,710,286</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, 2019

---

**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, 2019, 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 December 27, 2019.

#### **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 LLP*  
Crowe LLP

Indianapolis, Indiana  
December 27, 2019

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, 2019. 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, 2019.

---

(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*

Crowe LLP

Indianapolis, Indiana  
December 27, 2019

CHRISTEL HOUSE ACADEMY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2019

---

**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 program(s):

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I 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

---