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January 27, 2021

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, 2019 to June 30, 2020. 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, 2020 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
Paul D. Joyce, CPA
State Examiner

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

FINANCIAL STATEMENTS
June 30, 2020 and 2019

CHRISTEL HOUSE ACADEMY, INC.

FINANCIAL STATEMENTS
June 30, 2020 and 2019

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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, 2020 and 2019 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, 2020 and 2019 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 2018-08 - *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. 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 30, 2020 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 the effectiveness of Christel House Academy, Inc.'s 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 30, 2020

CHRISTEL HOUSE ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,083,216	\$ 4,069,381
Grants receivable	546,956	259,422
Prepaid expenses	<u>12,727</u>	<u>24,491</u>
Total current assets	6,642,899	4,353,294
Non-current assets		
Property and equipment, net	<u>1,303,938</u>	<u>1,131,136</u>
	<u>\$ 7,946,837</u>	<u>\$ 5,484,430</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 265,753	\$ 428,728
Due to Christel House International, Inc.	-	131,773
Conditional grant advance	2,244,700	-
Accrued payroll	1,263,668	1,018,529
Accrued incentive compensation	<u>124,000</u>	<u>102,593</u>
Total current liabilities	3,898,121	1,681,623
Non-current liabilities		
Accrued incentive compensation	<u>321,090</u>	<u>322,144</u>
Total liabilities	4,219,211	2,003,767
Net assets		
Without donor restrictions	3,324,751	3,409,779
With donor restrictions	<u>402,875</u>	<u>70,884</u>
Total net assets	<u>3,727,626</u>	<u>3,480,663</u>
	<u>\$ 7,946,837</u>	<u>\$ 5,484,430</u>

See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2020 and 2019

	2020			2019		
	<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>
Public support and revenues						
State support	\$ 11,920,679	\$ -	\$ 11,920,679	\$ 11,734,844	\$ -	\$ 11,734,844
Grant revenue	4,251,181	-	4,251,181	3,549,108	-	3,549,108
Contributions	3,416,519	394,086	3,810,605	3,167,359	57,599	3,224,958
Student fees	36,570	-	36,570	52,611	-	52,611
Other revenue	10,494	-	10,494	9,435	-	9,435
Net assets released from restriction	<u>62,095</u>	<u>(62,095)</u>	<u>-</u>	<u>42,781</u>	<u>(42,781)</u>	<u>-</u>
Total public support and revenues	<u>19,697,538</u>	<u>331,991</u>	<u>20,029,529</u>	<u>18,556,138</u>	<u>14,818</u>	<u>18,570,956</u>
Expenses						
Program services						
K-12 learning programs	14,193,499	-	14,193,499	13,020,846	-	13,020,846
Adult learning programs	4,590,322	-	4,590,322	3,900,602	-	3,900,602
Teacher training program	<u>216,178</u>	<u>-</u>	<u>216,178</u>	<u>290,924</u>	<u>-</u>	<u>290,924</u>
Total program services	18,999,999	-	18,999,999	17,212,372	-	17,212,372
General and administrative	<u>782,567</u>	<u>-</u>	<u>782,567</u>	<u>743,907</u>	<u>-</u>	<u>743,907</u>
Total expenses	<u>19,782,566</u>	<u>-</u>	<u>19,782,566</u>	<u>17,956,279</u>	<u>-</u>	<u>17,956,279</u>
Change in net assets	(85,028)	331,991	246,963	599,859	14,818	614,677
Net assets, beginning 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>
Net assets, end of year	<u>\$ 3,324,751</u>	<u>\$ 402,875</u>	<u>\$ 3,727,626</u>	<u>\$ 3,409,779</u>	<u>\$ 70,884</u>	<u>\$ 3,480,663</u>

See accompanying notes to financial statements.

CHRISTEL HOUSE ACADEMY, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 Years ended June 30, 2020 and 2019

	2020				
	Program Services			General and Administrative	Total Expenses
	K-12 Learning	Adult Learning	Teacher Training		
Salaries and benefits	\$ 9,088,271	\$ 3,007,881	\$ 201,727	\$ 453,424	\$ 12,751,303
Instructional services	326,236	90,675	46	-	416,957
Accounting and payroll services	-	-	-	91,682	91,682
Administrative services	-	-	-	12,662	12,662
Lobbying expenses	-	-	-	59,220	59,220
Legal services	-	-	-	14,041	14,041
Authorizer fees	-	-	-	51,403	51,403
Recruitment and placement	80,253	36,830	5,652	-	122,735
Technology services	192,376	120,167	2,751	-	315,294
Professional development	219,474	158,388	3,184	1,463	382,509
Nursing services	106,886	-	-	-	106,886
Course materials and supplies	404,119	42,649	1,478	-	448,246
Nutritional support	1,011,487	-	-	-	1,011,487
Advertising	13,011	14,198	365	-	27,574
Travel and entertainment	3,857	4,353	975	-	9,185
Vehicle and transportation	371,784	46,873	-	-	418,657
Facilities rental	1,405,950	684,850	-	-	2,090,800
Facilities (insurance, utilities, maintenance)	708,110	330,982	-	98,672	1,137,764
Equipment rental	3,290	-	-	-	3,290
Depreciation and amortization	258,395	52,476	-	-	310,871
	<u>\$ 14,193,499</u>	<u>\$ 4,590,322</u>	<u>\$ 216,178</u>	<u>\$ 782,567</u>	<u>\$ 19,782,566</u>
	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>

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 246,963	\$ 614,677
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	310,871	258,139
Changes in assets and liabilities		
Grants receivable	(287,534)	(5,874)
Prepaid expense	11,764	(21,976)
Accounts payable	(162,975)	50,997
Due to Christel House International, Inc.	(131,773)	131,250
Conditional grant advance	2,244,700	-
Accrued payroll	245,139	315,148
Accrued incentive compensation	<u>20,353</u>	<u>101,577</u>
Net cash provided from operating activities	<u>2,497,508</u>	<u>1,443,938</u>
Cash flows from investing activities		
Purchases of property and equipment	<u>(483,673)</u>	<u>(465,254)</u>
Net cash used for investing activities	<u>(483,673)</u>	<u>(465,254)</u>
Net change in cash and cash equivalents	2,013,835	978,684
Cash and cash equivalents, beginning of year	<u>4,069,381</u>	<u>3,090,697</u>
Cash and cash equivalents, end of year	<u>\$ 6,083,216</u>	<u>\$ 4,069,381</u>
Supplemental disclosures		
In-kind contributions	\$ 809,644	\$ 877,496

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

Subsequent to June 30, 2020, CHS entered into an agreement with IPS to operate Emmerich Manual High School ("MHS"), an IPS Local Educational Agency Innovation School, through an Innovation Network School Agreement for grades 10-12 in year one, grade 11-12 in year two and grade 12 in year three. CHS will operate the school building, programming and personnel for MHS. Students enrolled in Manual High School are considered IPS students.

The Charter Innovation School agreement will allow Christel House Academy South to relocate its K-12 and adult high school program to the IPS Manual High School location for the 2021-22 school year.

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

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020 and 2019.

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 such net assets with permanent restrictions as of June 30, 2020 and 2019.

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, 2020 and 2019.

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Impairment of Long-Lived Assets: In accordance with GAAP, CHS reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of June 30, 2020 and 2019, 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 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, 2020 and 2019, respectively as follows:

	<u>2020</u>	<u>2019</u>
Rent provided by Christel House International	\$ 382,200	\$ 382,200
Professional development	210,859	307,450
Classroom and office space	133,600	133,600
Furniture	20,545	-
Meals	40,000	31,806
Adjunct staff	<u>22,440</u>	<u>22,440</u>
	<u>\$ 809,644</u>	<u>\$ 877,496</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.

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expense Allocation: The costs of providing the various programs and other activities have been summarized in the 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.

Recent Accounting Pronouncement: In June 2018, the FASB issued ASU 2018-08 - Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The amendments in this Update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. CHS applied the amendments in this ASU for the year ended June 30, 2020 using a full retrospective method of application. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2020, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2020. Management has performed their analysis through December 30, 2020, 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>2020</u>	<u>2019</u>
Title I, Part A	\$ 143,624	\$ 58,291
Federal Summer Food Service	139,902	37,101
Safety Grant	82,300	
Manual High School Start-up costs	62,697	-
STEM Acceleration	47,009	-
Special Education Cluster (IDEA)	31,959	13,195
Elementary and Secondary School Emergency Relief Funding	23,017	-
Teacher and Principal Training (Title II)	6,909	4,170
Perkins CTE – Pilot	5,000	-
English Language Acquisition Grants	4,044	
Title IV, Part A	495	89,063
Twenty-First Century Community Learning Centers	-	57,477
Other	-	125
	<u>\$ 546,956</u>	<u>\$ 259,422</u>

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 3 - PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 2,314,039	\$ 2,031,709
Leasehold improvements	<u>732,667</u>	<u>531,324</u>
	3,046,706	2,563,033
Less: accumulated depreciation	<u>(1,742,768)</u>	<u>(1,431,897)</u>
	<u>\$ 1,303,938</u>	<u>\$ 1,131,136</u>

Depreciation expense for the period ended June 30, 2020 and 2019 was \$310,871 and \$258,139, 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. CHS expects the lease to be terminated after the year ended June 30, 2021 when Christel House Academy South relocated its K-12 and adult high school program to the IPS Manual High School location for the 2021-22 school year.

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, 2020 and 2019, \$2,090,800 was expensed for educational facility rent, of which \$515,800 was recorded as in-kind, for both years. See Note 7.

CHS also leases copiers under lease agreements with terms through April of 2024. During the year ended June 30, 2020 and 2019, \$24,465 and \$19,920 was expensed for these leases, respectively.

The future minimum rental payments required under the operating leases for the years subsequent to June 30, 2020, are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 1,648,172
2022	1,647,491
2023	1,646,460
2024	1,623,780
2025	1,575,000
Thereafter	<u>17,987,500</u>
	<u>\$ 26,128,403</u>

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

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 \$335,691 and \$288,268 for the years ended June 30, 2020 and 2019, 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 \$647,065 and \$634,064 for the years ended June 30, 2020 and 2019, respectively.

NOTE 6 - ACCRUED INCENTIVE COMPENSATION

CHS sponsors an unfunded long-term incentive plan for eligible employees. Benefits are limited to amounts specified in agreements with eligible employees that are to be paid out in two installments after five and ten years of service, respectively. A liability of \$445,090 and \$424,737 is recorded for the plan as accrued incentive compensation on the statements of financial position as of June 30, 2020 and 2019, 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 as of June 30, 2019. CHS did not have a balance payable to Christel House International, Inc. as of June 30, 2020.

During the years ended June 30, 2020 and 2019, contributions were received from Christel House International, Inc. as follows:

	<u>2020</u>	<u>2019</u>
Direct operating funding	\$ 1,865,000	\$ 1,637,500
Direct capital funding	175,000	-
Donor funding collected and directed to CHS by Christel House International, Inc.	707,438	458,125
In-kind rent	<u>382,200</u>	<u>382,200</u>
Total	<u>\$ 3,129,638</u>	<u>\$ 2,477,825</u>

In total, these contributions represent 82% and 77% of total contributions revenue for the years ended June 30, 2020 and 2019, respectively.

(Continued)

CHRISTEL HOUSE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Capital purchases	\$ 175,000	\$ -
Indy Teach Program	93,683	21,681
Technology purchases	62,134	-
Personnel cost	22,840	-
Jumpstart program	13,910	-
Playground	-	23,380
Other	<u>35,308</u>	<u>25,823</u>
	<u>\$ 402,875</u>	<u>\$ 70,884</u>

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. CHS recorded releases from restrictions for the following during the years ended June 30, 2020 and 2019, respectively:

	<u>2020</u>	<u>2019</u>
Playground	\$ 23,380	\$ -
Indy Teach program	21,681	17,714
College and Careers	10,000	-
Dual Credit program	3,490	215
College Trailblazer	2,538	-
Student of the Month lunches	260	2,958
Technology purchase	-	13,917
Other	<u>746</u>	<u>7,977</u>
	<u>\$ 62,095</u>	<u>\$ 42,781</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>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 6,083,216	\$ 4,069,381
Grants receivable	<u>546,956</u>	<u>259,422</u>
Total financial assets	6,630,172	4,328,803
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>402,875</u>	<u>70,884</u>
Financial assets available to meet general expenditures within one year	<u>\$ 6,227,297</u>	<u>\$ 4,257,919</u>

As of June 30, 2020 and 2019, CHS was subject to a 60-day cash-on-hand requirement from its Authorizing agency and complied with this requirements.

(Continued)

NOTE 10 - COVID-19 IMPACT AND PAYCHECK PROTECTION PROGRAM (PPP)

In December 2019, a novel strain of coronavirus surfaced and spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In response to the pandemic and in compliance with Marion County Public Health Department guidelines, CHS modified its learning delivery during the year ended June 30, 2020 to provide online instruction.

The operations and business results of CHS could be materially adversely affected in the future. In addition, significant estimates as disclosed in Note 1 may be materially adversely impacted by national, state and local events designed to contain the coronavirus. Subsequent to June 30, 2020, CHS continues to revise school schedules for the 2020-2021 academic year in accordance with Marion County Public Health Department guidelines.

Additionally, CHS received an allocation of Elementary and Secondary School Emergency Relief Funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) totaling approximately \$794,000, of which approximately \$23,000 was spent on eligible costs and recognized as revenue during the year ended June 30, 2020. The remaining revenue amount will be recognized when allowable expenses are incurred through September 30, 2022.

In April 2020, CHS obtained a Paycheck Protection Program (PPP) loan under a program offered by the United States Small Business Administration (SBA) in the principal amount of \$2,244,700. The PPP loan has a stated interest rate of 1% per annum and requires equal monthly payments on the amount of principal not meeting the forgiveness requirements, through the contractual maturity date of April 17, 2022.

Under the terms of the Paycheck Protection Program, a PPP loan provides for conditional forgiveness if CHS utilizes the loan proceeds on admissible expenses, including qualifying payroll, rent, and utility expenses, and maintains employment and compensation levels for a specified period of time. Although CHS believes the conditions for full forgiveness of the PPP loan will be met, ultimate forgiveness is conditioned upon the SBA concurring with CHS's good-faith assessment that the current economic uncertainty made the loan request necessary to support ongoing operations and the loan proceeds were used for admissible expenses. If CHS is later determined to have violated the provisions of the Payroll Protection Program, CHS may be required to repay the PPP loan in its entirety and/or be subject to additional penalties.

CHS has elected to account for its PPP loan as a conditional contribution in accordance with Subtopic 958-605. Under Subtopic 958-605, the PPP loan proceeds are initially recorded as a deferred grant liability and subsequently recognized as grant revenue when CHS has substantially met all conditions for forgiveness. At June 30, 2020, CHS has not yet satisfied the forgiveness conditions and, therefore, the loan proceeds have been recorded as a grant advance liability on the statement of financial position. CHS expects to meet these conditions and apply for forgiveness during the year ending June 30, 2021.

SUPPLEMENTARY INFORMATION

CHRISTEL HOUSE ACADEMY, INC.
SCHEDULE OF FINANCIAL POSITION – SCHOOL LEVEL
June 30, 2020

	Academy South	Academy West	Manual High School	DORS	Indy Teach	Eliminations	Total
ASSETS							
Current assets							
Cash and cash equivalents	\$ 2,125,150	\$ 1,554,158	\$ -	\$ 2,343,076	\$ 60,832	\$ -	\$ 6,083,216
Inter-network receivable	89,626	-	-	-	-	(89,626)	-
Grants receivable	272,156	203,012	62,697	9,091	-	-	546,956
Prepaid expenses	4,170	2,901	1,384	4,272	-	-	12,727
Total current assets	<u>2,491,102</u>	<u>1,760,071</u>	<u>64,081</u>	<u>2,356,439</u>	<u>60,832</u>	<u>(89,626)</u>	<u>6,642,899</u>
Non-current assets							
Property and equipment, net	<u>828,038</u>	<u>382,846</u>	<u>-</u>	<u>93,054</u>	<u>-</u>	<u>-</u>	<u>1,303,938</u>
	<u>\$ 3,319,140</u>	<u>\$ 2,142,917</u>	<u>\$ 64,081</u>	<u>\$ 2,449,493</u>	<u>\$ 60,832</u>	<u>\$ (89,626)</u>	<u>\$ 7,946,837</u>
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	\$ 164,328	\$ 97,866	\$ -	\$ 3,559	\$ -	\$ -	\$ 265,753
Inter-network payable	18,432	3,210	62,697	5,176	111	(89,626)	-
Conditional grant advance	1,061,500	567,000	-	594,748	21,452	-	2,244,700
Accrued payroll	606,572	288,613	-	343,743	24,740	-	1,263,668
Accrued incentive compensation	32,000	32,000	-	60,000	-	-	124,000
Total current liabilities	<u>1,882,832</u>	<u>988,689</u>	<u>62,697</u>	<u>1,007,226</u>	<u>46,303</u>	<u>(89,626)</u>	<u>3,898,121</u>
Non-current liabilities							
Accrued incentive compensation	<u>237,938</u>	<u>33,774</u>	<u>-</u>	<u>44,578</u>	<u>4,800</u>	<u>-</u>	<u>321,090</u>
Total liabilities	<u>2,120,770</u>	<u>1,022,463</u>	<u>62,697</u>	<u>1,051,804</u>	<u>51,103</u>	<u>(89,626)</u>	<u>4,219,211</u>
Net Assets							
Without donor restrictions	932,107	1,109,677	1,384	1,332,686	(51,103)	-	3,324,751
With donor restrictions	<u>266,263</u>	<u>10,777</u>	<u>-</u>	<u>65,003</u>	<u>60,832</u>	<u>-</u>	<u>402,875</u>
Total net assets	<u>1,198,370</u>	<u>1,120,454</u>	<u>1,384</u>	<u>1,397,689</u>	<u>9,729</u>	<u>-</u>	<u>3,727,626</u>
	<u>\$ 3,319,140</u>	<u>\$ 2,142,917</u>	<u>\$ 64,081</u>	<u>\$ 2,449,493</u>	<u>\$ 60,832</u>	<u>\$ (89,626)</u>	<u>\$ 7,946,837</u>

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

	Academy South	Academy West	Manual High School	DORS	Indy Teach	Eliminations	Total
ASSETS							
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	24,491	-	-	-	-	-	24,491
Total current assets	<u>1,897,917</u>	<u>893,768</u>	<u>-</u>	<u>2,124,991</u>	<u>34,106</u>	<u>(597,488)</u>	<u>4,353,294</u>
Non-current assets							
Property and equipment, net	<u>689,616</u>	<u>298,497</u>	<u>-</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>\$ -</u>	<u>\$ 2,268,014</u>	<u>\$ 34,106</u>	<u>\$ (597,488)</u>	<u>\$ 5,484,430</u>
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	\$ 321,899	\$ 81,469	\$ -	\$ 13,428	\$ 11,932	\$ -	\$ 428,728
Due to Christel House International, Inc.	131,773	-	-	-	-	-	131,773
Inter-network payable	438,126	158,867	-	-	495	(597,488)	-
Accrued payroll	503,031	215,552	-	278,125	21,821	-	1,018,529
Accrued incentive compensation	79,200	-	-	-	23,393	-	102,593
Total current liabilities	<u>1,474,029</u>	<u>455,888</u>	<u>-</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>-</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>-</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	47,225	1,978	-	-	21,681	-	70,884
Total net assets	<u>913,612</u>	<u>680,183</u>	<u>-</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>\$ -</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 ACTIVITIES – SCHOOL LEVEL
Year ended June 30, 2020

	Academy South	Academy West	Manual High School	DORS	Indy Teach	Eliminations	Total
Public support and revenues							
State support	\$ 4,692,714	\$ 3,215,090	\$ -	\$ 4,012,875	\$ -	\$ -	\$ 11,920,679
Grant revenue	2,516,342	1,678,624	-	56,215	-	-	4,251,181
Contributions	2,430,211	726,449	58,981	344,964	250,000	-	3,810,605
Student fees	20,498	15,552	-	520	-	-	36,570
Other revenue	<u>4,343</u>	<u>2,190</u>	<u>-</u>	<u>3,961</u>	<u>-</u>	<u>-</u>	<u>10,494</u>
Total public support and revenues	<u>9,664,108</u>	<u>5,637,905</u>	<u>58,981</u>	<u>4,418,535</u>	<u>250,000</u>	<u>-</u>	<u>20,029,529</u>
Expenses							
Program services							
K-12 learning programs	9,114,239	5,021,663	57,597	-	-	-	14,193,499
Adult learning programs	-	-	-	4,590,322	-	-	4,590,322
Teacher training program	-	-	-	-	<u>216,178</u>	<u>-</u>	<u>216,178</u>
Total program expenses	9,114,239	5,021,663	57,597	4,590,322	216,178	-	18,999,999
General and administrative	<u>265,111</u>	<u>175,971</u>	<u>-</u>	<u>340,927</u>	<u>558</u>	<u>-</u>	<u>782,567</u>
Total expenses	<u>9,379,350</u>	<u>5,197,634</u>	<u>57,597</u>	<u>4,931,249</u>	<u>216,736</u>	<u>-</u>	<u>19,782,566</u>
Change in net assets	284,758	440,271	1,384	(512,714)	33,264	-	246,963
Net assets, beginning of year	<u>913,612</u>	<u>680,183</u>	<u>-</u>	<u>1,910,403</u>	<u>(23,535)</u>	<u>-</u>	<u>3,480,663</u>
Net assets, end of year	<u>\$ 1,198,370</u>	<u>\$ 1,120,454</u>	<u>\$ 1,384</u>	<u>\$ 1,397,689</u>	<u>\$ 9,729</u>	<u>\$ -</u>	<u>\$ 3,727,626</u>

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

	Academy South	Academy West	Manual High School	DORS	Indy Teach	Eliminations	Total
Public support and revenues							
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>-</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>-</u>	<u>4,847,127</u>	<u>250,000</u>	<u>-</u>	<u>18,570,956</u>
Expenses							
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>-</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>-</u>	<u>304,817</u>	<u>325</u>	<u>-</u>	<u>743,907</u>
Total expenses	<u>8,962,242</u>	<u>4,497,369</u>	<u>-</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>-</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>\$ -</u>	<u>\$ 1,910,403</u>	<u>\$ (23,535)</u>	<u>\$ -</u>	<u>\$ 3,480,663</u>

CHRISTEL HOUSE ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Identifying Number	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through the Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	FY 2019-2020	\$ 199,410
COVID – School Breakfast Program	10.553	FY 2019-2020	15,187
National School Lunch Program	10.555	FY 2019-2020	444,325
COVID – National School Lunch Program	10.555	FY 2019-2020	34,187
Summer Food Service Program for Children	10.559	FY 2019-2020	37,101
COVID – Summer Food Service Program for Children	10.559	FY 2019-2020	<u>515,446</u>
Total Child Nutrition Cluster			1,245,656
Fresh fruit and vegetable program	10.582	FY 2019-2020	<u>39,784</u>
Total U.S. Department of Agriculture			1,285,440
<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	1,010
	84.010	FY 2019-2020	917,374
	84.010	SIG FY2020	<u>75,029</u>
Total for program			993,413
Special Education Cluster (IDEA)			
Special Education – Grants to States	84.027	FY 2018-2020	68,019
		FY 2019-2021	<u>178,860</u>
Total for program			246,879
Perkins CTE – Pilot Program Planning	84.048A	FY2020	5,000
Twenty-First Century Community Learning Centers	84.287	FY 2019-2020	128,313
English Language Acquisition Grants	84.365	FY 2018-2020	505
		FY 2019-2021	<u>39,438</u>
Total for program			39,943
Supporting Effective Instruction State Grants	84.367	FY 2017-2019	5,691
		FY 2018-2020	15,569
		FY 2019-2021	<u>67,070</u>
Total for program			88,330
Student Support and Academic Enrichment Grants	84.424	FY 2017-2019	4,550
		FY 2019-2021	<u>64,033</u>
Total for program			68,583
Elementary and Secondary School Emergency Relief	84.425D	FY 2020-2023	<u>23,017</u>
Total U.S. Department of Education			<u>1,593,478</u>
Total Expenditures of Federal Awards			<u>\$ 2,878,918</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, 2020

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, 2020, 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 30, 2020.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Crowe LLP

Crowe LLP

Indianapolis, Indiana
December 30, 2020

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, 2020. 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, 2020.

(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 30, 2020

CHRISTEL HOUSE ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

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>
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
