

Christel House International, Inc.

Accountants' Report and Financial Statements

December 31, 2008 and 2007
(Income Tax Basis)

Christel House International, Inc.

December 31, 2008 and 2007

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Independent Accountants' Report on Financial Statements and Supplementary Information

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

We have audited the accompanying income tax basis statements of financial position of Christel House International, Inc. (CHI) as of December 31, 2008 and 2007, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of CHI's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the financial statements have been prepared on the accounting basis used for income tax purposes, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Christel House International, Inc. as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, on the basis of the accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

BKD LLP

August 11, 2009

Christel House International, Inc.
Statements of Financial Position
December 31, 2008 and 2007
(Income Tax Basis)
(Amounts in Thousands)

	2008		
	Unrestricted	Temporarily Restricted	Total
Assets			
Cash and cash equivalents	\$ 2,390	\$ 21,294	\$ 23,684
Investment income receivable	21	-	21
Investments	594	13,949	14,543
Contributions receivable	-	673	673
Other assets	216	-	216
Bond issue costs, net	207	-	207
Rental property - Christel House Academy	12,815	-	12,815
Property and equipment	182	-	182
	<u>16,425</u>	<u>35,916</u>	<u>52,341</u>
Total assets	<u>\$ 16,425</u>	<u>\$ 35,916</u>	<u>\$ 52,341</u>
Liabilities			
Accounts payable	\$ 53	\$ -	\$ 53
Accrued payroll and other	201	-	201
Bonds payable	11,235	-	11,235
	<u>11,489</u>	<u>-</u>	<u>11,489</u>
Total liabilities	<u>11,489</u>	<u>-</u>	<u>11,489</u>
Net Assets			
Unrestricted	4,936	-	4,936
Temporarily restricted	-	35,916	35,916
	<u>4,936</u>	<u>35,916</u>	<u>40,852</u>
Total net assets	<u>4,936</u>	<u>35,916</u>	<u>40,852</u>
Total liabilities and net assets	<u>\$ 16,425</u>	<u>\$ 35,916</u>	<u>\$ 52,341</u>

2007

Unrestricted	Temporarily Restricted	Total
\$ 346	\$ 14,283	\$ 14,629
47	-	47
5,536	12,710	18,246
-	203	203
186	-	186
221	-	221
13,126	-	13,126
236	-	236
<u>\$ 19,698</u>	<u>\$ 27,196</u>	<u>\$ 46,894</u>
\$ 85	\$ -	\$ 85
275	-	275
11,820	-	11,820
<u>12,180</u>	<u>-</u>	<u>12,180</u>
7,518	-	7,518
-	27,196	27,196
<u>7,518</u>	<u>27,196</u>	<u>34,714</u>
\$ 19,698	\$ 27,196	\$ 46,894

Christel House International, Inc.
Statements of Activities
Years Ended December 31, 2008 and 2007
(Income Tax Basis)
(Amounts in Thousands)

	2008		
	Unrestricted	Temporarily Restricted	Total
Revenue, Gains and Other Support			
Contributions	\$ 730	\$ 19,173	\$ 19,903
In-kind contributions	32	47	79
Special events (net of expenses of \$223 and \$271)	586	-	586
Investment income (net of expenses of \$11 and \$71)	225	-	225
Rental income - Christel House Academy	1,043	-	1,043
	<u>2,616</u>	<u>19,220</u>	<u>21,836</u>
Net assets released from restrictions	10,500	(10,500)	-
Total revenue, gains and other support	<u>13,116</u>	<u>8,720</u>	<u>21,836</u>
Expenses			
Program services			
Grants	9,810	-	9,810
Academics	1,408	-	1,408
	<u>11,218</u>	<u>-</u>	<u>11,218</u>
Management and general	708	-	708
Fund raising	931	-	931
Total expenses	<u>12,857</u>	<u>-</u>	<u>12,857</u>
Change in Net Assets From Operations	259	8,720	8,979
Other Gains and Losses			
Realized gain on investments	719	-	719
Unrealized loss on investments	(3,560)	-	(3,560)
Change in Net Assets	(2,582)	8,720	6,138
Net Assets, Beginning of Year	<u>7,518</u>	<u>27,196</u>	<u>34,714</u>
Net Assets, End of Year	<u>\$ 4,936</u>	<u>\$ 35,916</u>	<u>\$ 40,852</u>

2007		
Unrestricted	Temporarily Restricted	Total
\$ 761	\$ 11,053	\$ 11,814
109	2,136	2,245
721	-	721
1,114	-	1,114
<u>1,180</u>	<u>-</u>	<u>1,180</u>
3,885	13,189	17,074
<u>4,591</u>	<u>(4,591)</u>	<u>-</u>
<u>8,476</u>	<u>8,598</u>	<u>17,074</u>
5,357	-	5,357
<u>1,695</u>	<u>-</u>	<u>1,695</u>
7,052	-	7,052
803	-	803
811	-	811
<u>8,666</u>	<u>-</u>	<u>8,666</u>
(190)	8,598	8,408
1,097	-	1,097
<u>(547)</u>	<u>-</u>	<u>(547)</u>
360	8,598	8,958
<u>7,158</u>	<u>18,598</u>	<u>25,756</u>
<u>\$ 7,518</u>	<u>\$ 27,196</u>	<u>\$ 34,714</u>

Christel House International, Inc.
Statements of Cash Flows
Years Ended December 31, 2008 and 2007
(Income Tax Basis)
(Amounts in Thousands)

	2008	2007
Operating Activities		
Change in net assets	\$ 6,138	\$ 8,958
Items not requiring (providing) cash		
Depreciation	382	387
Amortization of bond issue costs	14	15
Realized gain on sale of investments	(719)	(1,097)
Unrealized loss on investments	3,560	547
Changes in		
Investment income receivable	26	(36)
Contributions receivable	(470)	1,584
Other assets	(30)	(48)
Accounts payable	(32)	(97)
Accrued payroll and other	(74)	50
Net cash provided by operating activities	8,795	10,263
Investing Activities		
Purchase of investments	(4,386)	(15,613)
Proceeds from sale of investments	5,248	9,997
Purchase of property and equipment	(17)	(30)
Net cash provided by (used in) investing activities	845	(5,646)
Financing Activity - bond principal payments	(585)	(570)
Net Increase in Cash and Cash Equivalents	9,055	4,047
Cash and Cash Equivalents, Beginning of Year	14,629	10,582
Cash and Cash Equivalents, End of Year	\$ 23,684	\$ 14,629
Supplemental Cash Flows Information		
Interest paid	\$ 294	\$ 442

Christel House International, Inc.

Notes to Financial Statements December 31, 2008 and 2007 (Income Tax Basis) (Amounts in Thousands)

Note 1: Nature of Operations and Summary of Significant Accounting Policies

General

Christel House International, Inc. (CHI) is a not-for-profit organization (501(c)(3)) whose principal activities are to support educational efforts, primarily through grant-making, in various countries. CHI was established in 1998 and developed learning centers in India, Mexico, Venezuela, South Africa and the United States. The mission of CHI and these affiliated entities (collectively known as “Christel House”) is to give impoverished children the tools and training to become self-sufficient, contributing members of society.

The revenues and support are derived principally from contributions and income from special events.

Income Tax Basis of Accounting

CHI prepares its financial statements on the accounting basis used for income tax purposes. This basis differs from accounting principles generally accepted in the United States of America in that the financial operations for the affiliated entities are not combined and consolidated in these financial statements.

Affiliated Entities

CHI operates nonresidential learning centers for underserved children and provides a holistic approach to child development. The children are enrolled at CHI learning centers in a formal, structured educational curriculum taught by qualified instructors. The curriculum is designed for mastery of basic skills in reading, writing and math. The curriculum supplements this core knowledge with classes in English as a second language, computer skills, character development, life skills, and arts and cultural activities. Since its founding in 1998, CHI has established learning centers in India, Mexico, Venezuela, South Africa and the United States and currently serves over 3,000 children worldwide. Medical needs affecting a child’s ability to learn are identified and intervention programs implemented. Outcomes and progress of all programs are monitored for success, with the ultimate goal for each child to become a self-sufficient, productive member of society. The CHI Scholars program operates in Serbia where children have access to education, but lack the funds for book fees, study fees and vocational training. CHI also operates its European fundraising activities through London-based, Christel House Europe.

Parents, family members and other caregivers are also offered education programs to improve parenting and life skills. These programs are designed to reinforce the gains made by the children at CHI learning centers.

Christel House International, Inc.

Notes to Financial Statements December 31, 2008 and 2007 (Income Tax Basis) (Amounts in Thousands)

Use of Estimates

The preparation of financial statements in conformity with the income tax basis of accounting 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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

CHI considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2008, cash equivalents consisted primarily of money market funds and bond funds.

Effective October 3, 2008, the FDIC's insurance limits increased to \$250,000. The increase in federally insured limits is currently set to expire December 31, 2013. At December 31, 2008, CHI's cash accounts exceeded federally insured (FDIC) limits by approximately \$23,360.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments consist of investments in limited partnerships, venture capital funds, and equity holdings without a readily determinable market value and are carried at the lower of cost or market. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Property and Equipment

Property and equipment are depreciated on a straight-line basis or alternative depreciation system over the estimated useful life of assets as follows:

	<u>Years</u>
Buildings	40
Improvements	15 - 20
Furniture and equipment	5 - 7
Computer hardware	3 - 5

Christel House International, Inc.

Notes to Financial Statements December 31, 2008 and 2007 (Income Tax Basis) (Amounts in Thousands)

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by CHI has been limited by donors to a specific time period or purpose. Temporarily restricted net assets at December 31, 2008 and 2007 include \$35,193 and \$26,936, respectively, donated by Christel DeHaan, CHI's Founder, President and Chief Executive Officer. This balance is restricted for payment of future general and administrative expenses of CHI as well as that of the affiliated learning centers. In addition, this balance may be used to fund future operating shortfalls of the affiliated entities.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

In-Kind Contributions

In addition to receiving cash contributions, CHI receives in-kind contributions of goods from various donors. It is the policy of CHI to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended December 31, 2008 and 2007, \$190 and \$2,312, respectively, was received in in-kind contributions. Included in the 2007 amount is the fair market value of the Founder's residence, \$2,100, which was donated to CHI in early 2007, as described in Note 8.

Grant Making

Unconditional grants are recognized as expenses in the period approved.

Christel House International, Inc.

Notes to Financial Statements December 31, 2008 and 2007 (Income Tax Basis) (Amounts in Thousands)

Income Taxes

CHI is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar provision of state law. CHI is not considered to be a private foundation.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the grants, academic programs and other program services, management and general, and fund raising categories based upon actual expenditures and cost allocations estimated by CHI personnel.

Reclassifications

Certain reclassifications have been made to the 2007 financial statements to conform to the 2008 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Investments

Investments are as follows:

	2008	2007
Equity securities	\$ 5,491	\$ 8,764
Government debt securities	2,444	2,432
Treasury obligations	133	110
Mutual funds	1,120	1,513
Money market	1,522	690
Alternative investments (at lower of cost or market)	3,833	4,737
	<u>\$ 14,543</u>	<u>\$ 18,246</u>

The following schedule summarizes the investment return and its classification in the statements of activities.

	2008	2007
Dividends and interest (net of expenses of \$11 and \$71)	\$ 225	\$ 1,114
Net realized gains	719	1,097
Net unrealized losses	<u>(3,560)</u>	<u>(547)</u>
Total return on investments	<u>\$ (2,616)</u>	<u>\$ 1,664</u>

Christel House International, Inc.

Notes to Financial Statements December 31, 2008 and 2007 (Income Tax Basis) (Amounts in Thousands)

Note 3: Contributions Receivable - Temporarily Restricted

Contributions of \$673 and \$203 are receivable at December 31, 2008 and 2007, respectively. Both amounts are due within one year and are deemed fully collectible.

Note 4: Rental Property - Christel House Academy

During 2002, CHI acquired and renovated an educational facility, Christel House Academy. In December 2002, CHI agreed to lease this facility to Christel House Academy, Inc. (Academy), a charter school in the Indianapolis area. The Academy is a separately incorporated, not-for-profit organization that is not controlled by CHI. The Academy receives public support from the State of Indiana as well as contributions from CHI. As discussed more fully in Note 6, CHI issued \$14,000 of bonds to assist in the financing and construction of Christel House Academy.

The lease entered into between CHI and the Academy is for a term of 20 years commencing on March 1, 2003. Prior to the signed lease agreement, the Academy paid rent on a month-to-month basis beginning in September 2002. Future rent payments due from the Academy are shown below. All 2008 rent payments were received by December 31.

Property rented to Christel House Academy, Inc. for the operation of the charter school is as follows:

	<u>2008</u>	<u>2007</u>
Buildings	\$ 12,118	\$ 12,118
Land improvements	179	179
	<u>12,297</u>	<u>12,297</u>
Accumulated depreciation	(1,715)	(1,404)
	<u>10,582</u>	<u>10,893</u>
Land	2,233	2,233
	<u>\$ 12,815</u>	<u>\$ 13,126</u>

Future lease payments due from Christel House Academy, Inc. at December 31, 2008 were:

2009	\$ 990
2010	1,043
2011	1,044
2012	1,034
2013	1,023
Thereafter	<u>8,854</u>
	<u>\$ 13,988</u>

Christel House International, Inc.

Notes to Financial Statements December 31, 2008 and 2007 (Income Tax Basis) (Amounts in Thousands)

Note 5: Property and Equipment

CHI's property and equipment are as follows:

	<u>2008</u>	<u>2007</u>
Leasehold improvements	\$ 243	243
Furniture and equipment	121	121
Computer hardware	655	638
	<u>1,019</u>	<u>1,002</u>
Accumulated depreciation	<u>(837)</u>	<u>(766)</u>
	<u>\$ 182</u>	<u>\$ 236</u>

Note 6: Bonds Payable

The Indiana Development Finance Authority issued its \$14,000 Variable Rate Demand Educational Facilities Revenue Bonds, Series 2003 (Christel House, Inc. Project) (2003 Bonds) in February 2003. The proceeds from the 2003 Bonds were loaned to CHI for acquisition, construction, installation and equipping of the Christel House Academy. Principal on this loan is due annually on February 1, and interest is due monthly on the first day of each month. The interest rate mode at December 31, 2008 was weekly, and the interest rate is reset on a weekly basis by the remarketing agreement. CHI can periodically elect to change the interest rate modes as specified in the trust indenture. The interest rate in effect at December 31, 2008 was 2.75%. CHI pays the remarketing agent an annual fee of 0.075% of the outstanding principal balance on the loan. The 2003 Bonds mature February 1, 2023. CHI has agreed to redeem these bonds in the principal amounts and on the dates set forth in the reimbursement agreement with the bank. Furthermore, CHI has the option to redeem or repay these bonds prior to maturity, partially or in full, subject to the redemption terms and pricing set forth in the trust indenture.

The 2003 Bonds are secured by a reimbursement agreement and an irrevocable letter of credit in a maximum amount up to \$14,173, which expires February 15, 2013. The reimbursement agreement and letter of credit are secured by a "Continuing Guaranty Agreement" which is in effect for the term of the reimbursement agreement. The guarantor is Christel DeHaan, President, CEO and Founder of Christel House International, Inc. The guarantor must submit certain reports attesting to the Guarantor's net marketable asset position being at least 2.0 times the outstanding principal amount of the bonds. There are also other covenants with which the guarantor has agreed to comply. The beneficiary and trustee, Fifth Third Bank, holds the option to extend the expiration date of this letter of credit. This letter of credit will be reduced as the bond principal is repaid. There is an annual letter of credit fee of 0.68% of the outstanding principal balance. If the letter of credit is exercised, repayment is due on demand.

Christel House International, Inc.

Notes to Financial Statements December 31, 2008 and 2007 (Income Tax Basis) (Amounts in Thousands)

Issuance costs in the amount of \$293 were capitalized during 2003 and are being amortized over 20 years. Unamortized issuance costs as of December 31, 2008 and 2007 were \$207 and \$221, respectively.

The future maturities of bonds payable are as follows:

2009	\$	605
2010		620
2011		645
2012		660
2013		680
Thereafter		<u>8,025</u>
	\$	<u><u>11,235</u></u>

Interest expense for the years ended December 31, 2008 and 2007 was \$280 and \$434, respectively.

Note 7: Leases

Noncancellable operating leases for office space expire in various years through 2014. CHI is required to pay all executory costs (property taxes, maintenance and insurance). CHI's lease for office space includes an option to terminate the lease provided CHI pays a termination fee at least 30 days prior to termination. Rent expense for the years ended December 31, 2008 and 2007 was \$200 and \$176, respectively. Rent expense is recognized on a straight-line basis.

Future minimum lease payments at December 31, 2008, were:

2009		168
2010		167
2011		166
2012		163
2013		163
Later years		<u>81</u>
	\$	<u><u>908</u></u>

Christel House International, Inc.

Notes to Financial Statements December 31, 2008 and 2007 (Income Tax Basis) (Amounts in Thousands)

Note 8: Related Party Transactions

During 2008 and 2007, CHI received \$18,347 and \$12,813 respectively in contributions from Christel DeHaan, its Founder, President and Chief Executive Officer. The 2007 amount includes the contribution of the Founder's Zionsville, Indiana residence, which was subsequently sold to an unrelated party for approximately \$2,100.

In 2008 and 2007, CHI expensed \$1,314 and \$1,358, respectively, in payroll related costs that were originally paid by CD Enterprises, Ltd. (CDE), a related party. Included in these expenses was \$31 and \$55 for CHI employer contributions to CDE's 401(k) plan for the years ended December 31, 2008 and 2007, respectively. As of December 31, 2008 and 2007, CHI had an outstanding liability balance of \$121 and \$158, respectively, related to these payroll costs, which is included in accrued payroll and other on the statements of financial position.

As discussed in Note 4, CHI leases property to the Christel House Academy, Inc., and also provides grants to several affiliates.

Note 9: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

	<u>2008</u>	<u>2007</u>
Contributions restricted for periods after December 31	\$ 35,540	\$ 27,139
Teacher exchange program	11	18
Educational programs	307	16
Learning center programs and services	6	9
Other programs	<u>52</u>	<u>14</u>
	<u>\$ 35,916</u>	<u>\$ 27,196</u>

Each year, CHI releases funds to cover all management and general expenses and fundraising expenses. In addition, funds are released to cover any shortfall in funding for programs and services. Annual funds released from restrictions are not to exceed amounts approved in the annual budget. One hundred percent of the contributions received from donors other than the Founder are solely applied to programs and services benefiting the children.

Christel House International, Inc.

Notes to Financial Statements December 31, 2008 and 2007 (Income Tax Basis) (Amounts in Thousands)

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2008</u>	<u>2007</u>
Time restrictions	\$ 10,202	\$ 4,233
Nutritional and medical programs	20	66
Educational programs	249	267
Other programs	29	25
	<u>\$ 10,500</u>	<u>\$ 4,591</u>

Note 10: Concentration

CHI received approximately 90% and 88% of its contribution revenue from the Founder in 2008 and 2007, respectively.

Note 11: Commitments and Contingencies

CHI is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of CHI. Events could occur that would change this estimate materially in the near term.

Note 12: Affiliated Entities (Unaudited)

Net assets of CHI's affiliated entities as of December 31 were as follows:

	<u>2008</u>	<u>2007</u>
Christel House Academy	\$ 491	\$ 532
Christel House Europe (United Kingdom)	276	191
Christel House India	1,895	1,574
Christel House de Mexico, A.C.	3,141	3,055
Christel House South Africa	4,698	260
Christel House Venezuela, A.C.	716	997
	<u>\$ 11,217</u>	<u>\$ 6,609</u>

Christel House International, Inc.

Notes to Financial Statements December 31, 2008 and 2007 (Income Tax Basis) (Amounts in Thousands)

Christel House International, Inc. provided the following grants to these affiliated entities:

	<u>2008</u>	<u>2007</u>
Christel House Academy	\$ 791	\$ 679
Christel House Europe (United Kingdom)	70	56
Christel House India	520	787
Christel House de Mexico, A.C.	1,783	913
Christel House South Africa	5,555	1,887
Christel House Venezuela, A.C.	<u>1,091</u>	<u>1,035</u>
	<u>\$ 9,810</u>	<u>\$ 5,357</u>

Each of these entities is a separately incorporated not-for-profit organization and is governed by separate boards of directors within their respective countries. CHI has an economic interest in all of these entities and has control over a majority of these entities. Grants of \$5,555 to South Africa include \$3,640 in capital funding for the construction of a new academy.

Note 13: Current Economic Conditions

The current economic environment presents not-for-profit organizations with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, and declines in contributions. The financial statements have been prepared using values and information currently available to CHI.

In addition, given the volatility of current economic conditions, the values of assets recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact CHI.

Note 14: Subsequent Event

On April 3, 2009, CHI entered into a management agreement with the Lavasa Corporation to set up, operate and manage a learning center at the Lavasa hill city currently under construction east of Mumbai, India. The learning center will be operational in April 2010 and, when complete, will serve nearly 800 children. The Lavasa Corporation will design, construct and underwrite the operating expenses of the center

Supplementary Information

Christel House International, Inc.
Statements of Functional Expenses
Year Ended December 31, 2008
(Income Tax Basis)
(Amounts in Thousands)

	2008						2007 Total Expenses
	Program Service Expenses			Supporting Services			
	Grants	Academics	Total Program Services	Management and General	Fundraising	Total Expenses	
Salaries and benefits	\$ -	\$ 546	\$ 546	\$ 396	\$ 456	\$ 1,398	\$ 1,415
Grants	9,810	-	9,810	-	-	9,810	5,357
Outside services	-	16	16	75	75	166	292
Advertising and marketing	-	-	-	-	141	141	110
Travel	-	15	15	38	35	88	136
Rent and facilities	-	87	87	74	54	215	201
Depreciation and amortization	-	345	345	35	2	382	387
Interest expense/amortization	-	394	394	-	-	394	541
Other	-	5	5	90	168	263	227
2008 total expenses	<u>\$ 9,810</u>	<u>\$ 1,408</u>	<u>\$ 11,218</u>	<u>\$ 708</u>	<u>\$ 931</u>	<u>\$ 12,857</u>	
2007 totals expenses	<u>\$ 5,357</u>	<u>\$ 1,695</u>	<u>\$ 7,052</u>	<u>\$ 803</u>	<u>\$ 811</u>		<u>\$ 8,666</u>