

# **Christel House International, Inc. and Affiliates**

Accountants' Report and Combined  
and Consolidated Financial Statements

December 31, 2010 and 2009

# Christel House International, Inc. and Affiliates

December 31, 2010 and 2009

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## Independent Accountants' Report on Combined and Consolidated Financial Statements and Supplementary Information

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

We have audited the accompanying combined and consolidated statements of financial position of Christel House International, Inc. and Affiliates (Christel House) as of December 31, 2010 and 2009, and the related combined and consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Christel House'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.

In our opinion, the combined and consolidated financial statements referred to above present fairly, in all material respects, the financial position of Christel House International, Inc. and Affiliates as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the combined and consolidated financial statements taken as a whole. The accompanying supplementary information, including the combining and consolidating information, is presented for purposes of additional analysis and is not a required part of the basic combined and consolidated financial statements. The combining and consolidating information is presented for purposes of additional analysis of the combined and consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities. Such information has been subjected to the procedures applied in the audits of the basic combined and consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relations to the basic combined and consolidated financial statements taken as a whole.

*BKD, LLP*

August 16, 2011

**Christel House International, Inc. and Affiliates**  
**Combined and Consolidated Statements of Financial Position**  
**December 31, 2010 and 2009**  
**(Amounts in Thousands)**

	<b>2010</b>	<b>2009</b>
<b>Assets</b>		
Cash and cash equivalents		
Unrestricted	\$ 2,628	\$ 3,915
Temporarily restricted	1,066	681
Investments		
Unrestricted	801	990
Temporarily restricted	26,213	28,730
Accounts receivable	714	269
Contributions receivable	2,926	3,142
Other assets	208	196
Bond issue costs, net	177	192
Rental property - Christel House Academy	15,920	12,502
Property and equipment	10,177	11,203
Total assets	\$ 60,830	\$ 61,820
<b>Liabilities</b>		
Accounts payable	\$ 288	\$ 588
Accrued payroll and other	919	992
Bonds payable	10,010	10,630
Total liabilities	11,217	12,210
<b>Net Assets</b>		
Unrestricted	19,444	17,157
Temporarily restricted	30,169	32,453
Total net assets	49,613	49,610
Total liabilities and net assets	\$ 60,830	\$ 61,820

**Christel House International, Inc. and Affiliates**  
**Combined and Consolidated Statements of Activities**  
**Years Ended December 31, 2010 and 2009**  
**(Amounts in Thousands)**

	<b>2010</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Revenue, Gains and Other Support</b>			
Contributions	\$ 1,119	\$ 4,183	\$ 5,302
In-kind contributions	535	10	545
Special events (net of expenses of \$153 and \$232)	525	-	525
Grant income	1,127	563	1,690
Investment income (net of expenses of \$7 and \$58)	467	-	467
Rental income - Christel House Academy	812	-	812
Other	91	-	91
	<u>4,676</u>	<u>4,756</u>	<u>9,432</u>
Net assets released from restrictions	7,040	(7,040)	-
Total revenue, gains and other support	<u>11,716</u>	<u>(2,284)</u>	<u>9,432</u>
<b>Expenses</b>			
Program services			
Grants	25	-	25
Academics	8,664	-	8,664
	<u>8,689</u>	<u>-</u>	<u>8,689</u>
Management and general	1,253	-	1,253
Fund raising	1,628	-	1,628
Total expenses	<u>11,570</u>	<u>-</u>	<u>11,570</u>
<b>Change in Net Assets From Operations</b>	146	(2,284)	(2,138)
<b>Other Gains and Losses</b>			
Gain on sale of property	-	-	-
Realized gain (loss) on investments	108	-	108
Unrealized gain on investments	1,720	-	1,720
Foreign currency translation adjustment	313	-	313
	<u>2,287</u>	<u>(2,284)</u>	<u>3</u>
<b>Change in Net Assets</b>	2,287	(2,284)	3
<b>Net Assets, Beginning of Year</b>	<u>17,157</u>	<u>32,453</u>	<u>49,610</u>
<b>Net Assets, End of Year</b>	<u>\$ 19,444</u>	<u>\$ 30,169</u>	<u>\$ 49,613</u>

<b>2009</b>		
<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
\$ 784	\$ 3,850	\$ 4,634
356	-	356
585	-	585
545	104	649
878	-	878
914	-	914
16	-	16
<u>4,078</u>	<u>3,954</u>	<u>8,032</u>
<u>7,594</u>	<u>(7,594)</u>	<u>-</u>
<u>11,672</u>	<u>(3,640)</u>	<u>8,032</u>
888	-	888
<u>8,792</u>	<u>-</u>	<u>8,792</u>
<u>9,680</u>	<u>-</u>	<u>9,680</u>
1,289	-	1,289
<u>1,511</u>	<u>-</u>	<u>1,511</u>
<u>12,480</u>	<u>-</u>	<u>12,480</u>
(808)	(3,640)	(4,448)
113	-	113
(3,198)	-	(3,198)
3,192	-	3,192
<u>3,054</u>	<u>-</u>	<u>3,054</u>
2,353	(3,640)	(1,287)
<u>14,804</u>	<u>36,093</u>	<u>50,897</u>
<u>\$ 17,157</u>	<u>\$ 32,453</u>	<u>\$ 49,610</u>

**Christel House International, Inc. and Affiliates**  
**Combined and Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2010 and 2009**  
**(Amounts in Thousands)**

	<b>2010</b>	<b>2009</b>
<b>Operating Activities</b>		
Change in net assets	\$ 3	\$ (1,287)
Items not requiring (providing) cash		
Depreciation	704	919
Amortization of bond issue costs	15	15
Gain on disposal of property and equipment	-	(113)
Foreign currency translation adjustment	(313)	(3,054)
Realized (gain) loss on sale of investments	(108)	3,198
Unrealized gain on investments	(1,720)	(3,192)
Changes in		
Contributions receivable	216	(2,384)
Other assets	(457)	381
Accounts payable	(300)	245
Accrued payroll and other	(73)	378
Net cash used in operating activities	(2,033)	(4,894)
<b>Investing Activities</b>		
Purchase of investments	(6,656)	(23,857)
Proceeds from sale of investments	11,190	8,770
Proceeds from the sale of property and equipment	-	276
Purchase of property and equipment	(3,005)	(2,736)
Net cash provided by (used in) investing activities	1,529	(17,547)
<b>Financing Activity - bond principal payments</b>	(620)	(605)
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	222	1,765
<b>Net Decrease in Cash and Cash Equivalents</b>	(902)	(21,281)
<b>Cash and Cash Equivalents, Beginning of Year</b>	4,596	25,877
<b>Cash and Cash Equivalents, End of Year</b>	\$ 3,694	\$ 4,596
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ 49	\$ 161

# **Christel House International, Inc. and Affiliates**

## **Notes to Combined and Consolidated Financial Statements**

### **December 31, 2010 and 2009**

#### **(Amounts in Thousands)**

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

##### ***General***

Christel House International, Inc. (CHI) and Affiliates (collectively known as “Christel House”) is a not-for-profit organization (501(c)(3)) whose principal activity is to support educational efforts, primarily through grant-making. Christel House International was established in 1998 and developed learning centers in India, Mexico, Venezuela, South Africa and the United States and currently serves over 3,300 children worldwide. The mission of Christel House is to give impoverished children the tools and training to become self-sufficient, contributing members of society.

Christel House operates nonresidential learning centers for underserved children and provides a holistic approach to child development. The children are enrolled at Christel House 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, computer, character development and life skills, and arts and cultural activities. 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. Christel House 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 Christel House learning centers.

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

##### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2010 and 2009**  
**(Amounts in Thousands)**

***Principles of Combination and Consolidation***

Christel House prepares its financial statements in accordance with accounting principles generally accepted in the United States of America.

Christel House International, Inc. presents combined and consolidated financial statements that include the financial information of the following affiliated organizations:

- Christel House International, Inc.
- Christel House India
- Christel House de Mexico, A.C.
- Christel House Europe
- Christel House South Africa
- Christel House Venezuela, A.C.

Each of the entities is a separately incorporated not-for-profit organization and is governed by a board of directors within their respective countries. Christel House International, Inc. has an economic interest in all of these entities and has control over a majority of these entities, within the meaning of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

In addition, Christel House International provides management and financial support to Christel House Academy (Academy), an affiliated charter school located in Indianapolis, Indiana and Christel House (Lavasa), located in Lavasa, India. The financial information related to the Academy and Lavasa are not consolidated in these financial statements as these organizations are not under the control of CHI within the meaning of FASB ASC Topic 958, *Not-For-Profit Entities*.

The December 31 net asset balances of the affiliated consolidated organizations are as follows:

	<b>2010</b>	<b>2009</b>
Christel House de Mexico, A.C.	\$ 2,356	\$ 3,009
Christel House Venezuela, A.C.	668	1,529
Christel House India	1,709	1,695
Christel House South Africa	5,900	6,418
Christel House Europe (United Kingdom)	23	42
	\$ 10,656	\$ 12,693

All material interorganizational accounts and transactions have been eliminated in combination and consolidation.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2010 and 2009**  
**(Amounts in Thousands)**

***Cash and Cash Equivalents***

Christel House considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2010 and 2009, cash equivalents consisted primarily of money market funds and bond funds.

The financial institution holding Christel House International, Inc.'s cash accounts is participating in the FDIC's Transaction Account Guarantee Program. Under the FDIC program, through December 31, 2010, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012.

At Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250,000. At December 31, 2010, CHI's interest-bearing cash accounts exceeded federally insured limits by approximately \$2,519. Additionally, at December 31, 2010, the funds held outside the United States were \$529 and are not insured by the FDIC.

***Investments and Investment Return***

Investments are carried at fair value. Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses on investments.

Investment return that is initially restricted by donor stipulation is reported as temporarily restricted return and net assets. When the donor stipulation is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined and consolidated statements of activities as net assets released from restrictions. Other investment return is reflected in the combined and consolidated statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the 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. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
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***Long-Lived Asset Impairment***

Christel House evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2010 and 2009.

***Temporarily Restricted Net Assets***

Temporarily restricted net assets are those whose use by Christel House has been limited by donors to a specific time period or purpose. Temporarily restricted net assets at December 31, 2010 include \$26,859 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 Christel House. In addition, this balance may be used to fund future operating shortfalls of Christel House.

***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 combined and consolidated 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, Christel House receives in-kind contributions of goods from various donors. It is the policy of Christel House 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, 2010 and 2009, \$545 and \$356, respectively, were received in in-kind contributions.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2010 and 2009**  
**(Amounts in Thousands)**

***Grant Making***

Unconditional grants are recognized as expenses in the period approved.

***Foreign Currency Translation***

Christel House considers US Dollars its functional currency as a substantial portion of Christel House's business activities are based in US Dollars. Transactions involving foreign currencies are translated at the approximate rates of exchange existing at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the year end are retranslated at the approximate rates of exchange at that date. Gains and losses relating to foreign currency translations are recorded in the statement of activities as a component of the change in net assets. The combined and consolidated financial statements include foreign affiliates. Their assets and liabilities are translated into US Dollars at the exchange rate in effect at the statements of financial position date. Revenues and expenses are translated at the average exchange rate during the year.

***Income Taxes***

Christel House International, Inc. 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. Christel House de Mexico, A.C., Christel House Europe, Christel House South Africa, Christel House de Venezuela, A.C. and Christel House India are tax-exempt entities. Christel House International, Inc. is not considered to be a private foundation. For Christel House International, Inc., the tax years still subject to examination by taxing authorities in the United States are years subsequent to 2006.

***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the combined and consolidated 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 Christel House personnel.

***Reclassifications***

Certain reclassifications have been made to the 2010 combined and consolidated financial statements to conform to the 2009 combined and consolidated financial statement presentation. These reclassifications had no effect on the change in net assets.

***Subsequent Events***

Subsequent events have been evaluated through August 16, 2011, which is the date the combined and consolidated financial statements were available to be issued.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
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On July 28, 2011, Christel House Venezuela (CHV) entered into a gift agreement with Fe y Alegria (FA), a tax-exempt organization and internationally recognized provider of quality education to impoverished students, transferring control and operations of CHV to FA effective July 29, 2011. The agreement transfers ownership and control of all real and personal property; including furniture, fixtures, equipment, supplies, textbooks and other items necessary to operate the school. Due to this change in control, employment of all CHV staff ceased in July 2011. These employees were provided the opportunity for reemployment by Fe y Alegria. Severance costs related to these terminations totaled approximately \$757. Also as a result of this change in control, CHV will not be consolidated in future combined and consolidated financial statements of CHI and Affiliates and as such, net assets of the combined and consolidated entity will decrease by approximate \$670.

Contemporaneously with this gift agreement, CHI entered into a restricted grant agreement with FA to provide certain programs and services after the transfer of control including the Christel House Career Guidance and Work-Study Program, afternoon programs, transportation and an on-site nurse as these programs and services are not supported by FA. Estimated annual funding requirements of this grant are approximately \$200. The grant provides for annual reviews of effectiveness and can be terminated with one month notice.

**Note 2: Investments and Investment Return**

Investments are as follows:

	<u>2010</u>	<u>2009</u>
Equity securities	\$ 8,264	\$ 4,694
Government debt securities	2,109	2,038
Corporate obligations	1,363	830
Treasury obligations	-	81
Money market funds	8,588	16,645
Alternative investments	<u>6,690</u>	<u>5,432</u>
	<u>\$ 27,014</u>	<u>\$ 29,720</u>

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2010 and 2009**  
**(Amounts in Thousands)**

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

	<b>2010</b>	<b>2009</b>
Investment income (net of expenses of \$7 and \$58)	\$ 467	\$ 878
Net realized gains (losses)	108	(3,198)
Net unrealized gains	1,720	3,192
Total return on investments	\$ 2,295	\$ 872

**Alternative Investments**

Alternative investments held at December 31, 2010 and 2009 consist of the following:

	<b>Fair Value</b>	<b>2010 Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
Equity and debt long/short hedge funds (A)	\$ 746	Monthly	30 days
Distressed debt funds (B)	2,590	Not eligible	N/A
Real estate funds (C)	27	Not eligible	N/A
Private investment partnership funds (D)	1,695	Quarterly	45 days
Multi-asset fund (E)	1,632	Daily	None required

	<b>Fair Value</b>	<b>2009 Redemption Frequency (if Currently Eligible)</b>	<b>Redemption Notice Period</b>
Equity and debt long/short hedge funds (A)	\$ 724	Monthly	30 days
Distressed debt funds (B)	1,665	Not eligible	N/A
Real estate funds (C)	72	Not eligible	N/A
Private investment partnership funds (D)	1,529	Quarterly	45 days
Multi-asset fund (E)	1,442	Daily	None required

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2010 and 2009**  
**(Amounts in Thousands)**

There were no unfunded commitments as of December 31, 2010 and 2009.

- (A) This category includes investments in hedge funds that take both long and short positions, invested in securities traded on domestic and foreign exchanges and over-the-counter as well as securities for which there is no public market. The fair values of the investments in this category have been estimated using the net asset values per share as reported by the fund administrator.
- (B) This category includes investments in funds that invest primarily in distressed debt situations, including well-collateralized distressed senior secured loan obligations where the fund can influence the outcome of events. The fund seeks to invest in situations that reflect a discount to the underlying collateral value, enterprise value or both, with the intent of recovering substantial premiums to acquisition prices. Distributions from each fund will be made as the underlying investments of the funds are liquidated. The fund term will end on the seventh anniversary of the final closing date of the Partnership, subject to extension by the directors for up to two additional one-year periods. The fair values of the investments in this category have been estimated using Christel House's ownership interest in partners' capital as reported by the fund administrators.
- (C) This category includes several real estate funds that invest primarily in U.S. commercial real estate. The primary focus of the fund is to provide mezzanine financing for commercial buildings, single family lot development and condominium development. Investments are concentrated in the metropolitan areas of Indiana, Illinois, Ohio, North Carolina and Florida. These investments can never be redeemed with the funds. Distributions from each fund will be made as the underlying investments of the funds are liquidated. The fund term will end on the seventh anniversary of the final closing date of the Partnership, subject to extension by the directors for up to two additional one-year periods. The fair values of the investments in this category have been estimated using Christel House's ownership interest in partners' capital as reported by the fund administrators.
- (D) This category includes several private investment partnerships funds that invest in various industries and sectors or markets. In addition, certain investment partners invest in investment funds that utilize short positions, leverage (including margin borrowing), options, futures, commodities and other derivatives and may invest in non-U.S. securities and illiquid securities. The fair values of the investments in this category have been estimated using Christel House's ownership interest in partners' capital as reported by the fund administrators.
- (E) This category includes investments in acquired funds, common and preferred stocks, real estate investment trusts, high yield bonds, securities issued or guaranteed by the U.S. Government, corporate bonds and short-term money markets. The fair values of the investments in this category have been estimated using the net asset values per share as reported by the fund administrator.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
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**(Amounts in Thousands)**

**Note 3: Contributions Receivable - Temporarily Restricted**

	<u>2010</u>	<u>2009</u>
Due within one year	\$ 1,438	\$ 843
Due in one to five years	1,689	2,499
	<u>3,127</u>	<u>3,342</u>
Discount	(201)	(200)
	<u>\$ 2,926</u>	<u>\$ 3,142</u>

Discount rates ranged from 1.38% to 2.87% and 1.95% to 2.87% for 2010 and 2009, respectively.

**Note 4: Rental Property - Christel House Academy**

During 2002, Christel House International, Inc. (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. Future rent payments due from the Academy are shown below. Rent receivable under this lease agreement is \$360 and is included in accounts receivable as of December 31, 2010. All 2009 rent payments were received by December 31, 2009.

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

	<u>2010</u>	<u>2009</u>
Buildings	\$ 15,704	\$ 12,118
Land improvements	363	179
	<u>16,067</u>	<u>12,297</u>
Accumulated depreciation	(2,380)	(2,028)
	<u>13,687</u>	<u>10,269</u>
Land	2,233	2,233
	<u>\$ 15,920</u>	<u>\$ 12,502</u>

**Christel House International, Inc. and Affiliates**  
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**(Amounts in Thousands)**

Future lease payments due from Christel House Academy, Inc. at December 31, 2010 were:

2011	\$	999
2012		1,034
2013		1,023
2014		1,012
2015		1,000
Thereafter		<u>6,843</u>
	<u>\$</u>	<u>11,911</u>

**Note 5: Property and Equipment**

Christel House's property and equipment are as follows:

	<u>2010</u>	<u>2009</u>
Buildings	\$ 9,217	\$ 9,121
Land	713	681
Leasehold improvements	388	267
Furniture and equipment	1,493	1,559
Computer hardware	1,409	1,292
Computer software	202	206
Books and educational materials	336	401
Motor vehicles	307	293
Works in progress	-	1,169
	<u>14,065</u>	<u>14,989</u>
Accumulated depreciation	<u>(3,888)</u>	<u>(3,786)</u>
	<u>\$ 10,177</u>	<u>\$ 11,203</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, 2010 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, 2010 was .71%. 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.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
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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 two 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, with interest of prime plus 8%.

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, 2010 and 2009 were \$177 and \$192, respectively.

The future maturities of bonds payable are as follows:

2011	\$	645
2012		660
2013		680
2014		700
2015		720
Thereafter		<u>6,605</u>
	<u>\$</u>	<u>10,010</u>

Interest expense for the years ended December 31, 2010 and 2009 was \$49 and \$185, respectively.

**Note 7: Leases**

Noncancellable operating leases for office space expire in various years through 2014. Christel House 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, 2010 and 2009 was \$188 and \$195, respectively. Rent expense is recognized on a straight-line basis.

Future minimum lease payments at December 31, 2010, were:

2011	\$	166
2012		163
2013		163
2014		<u>81</u>
	<u>\$</u>	<u>573</u>

**Christel House International, Inc. and Affiliates**  
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**Note 8: Related Party Transactions**

During 2010 and 2009 CHI received \$3,000 and \$1,840, respectively, in contributions from Christel DeHaan, its Founder, President and Chief Executive Officer.

In 2010 and 2009, CHI expensed \$1,296 and \$1,359, respectively, in payroll related costs that were originally paid by CD Enterprises, Ltd. (CDE), a related party. Included in these expenses was \$79 and \$49 for CHI employer contributions to CDE's 401(k) plan for the year ended December 31, 2010 and 2009, respectively. As of December 31, 2010 and 2009, CHI had an outstanding liability balance of \$225 and \$213, respectively, related to these payroll costs, which is included in accrued payroll and other on the combined and consolidated statements of financial position.

As discussed in Note 4, Christel House 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:

	<b>2010</b>	<b>2009</b>
Contributions restricted for periods after December 31	\$ 27,152	\$ 28,950
Capital projects	2,386	3,144
Learning center programs and services	594	224
Nutritional support	5	43
Parent workshops	5	5
Other programs	27	87
	<u>\$ 30,169</u>	<u>\$ 32,453</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.

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***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.

	<b>2010</b>	<b>2009</b>
Time restrictions	\$ 5,275	\$ 6,906
Capital projects	1,121	-
Nutritional support	45	98
Learning center programs and services	498	564
Parent workshops	-	4
Other programs	101	22
	<u>\$ 7,040</u>	<u>\$ 7,594</u>

**Note 10: Disclosures About Fair Value of Assets and Liabilities**

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

**Christel House International, Inc. and Affiliates**  
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Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying combined and consolidated statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy.

***Cash Equivalents***

Christel House's cash equivalents consist of money market mutual funds that have quoted market prices available in an active market and are classified within Level 1 of the valuation hierarchy.

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equity securities, certain government debt securities and money market mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. For investments, other than alternative investments, the inputs used by the pricing service to determine fair value may include one, or a combination of, observable inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data market research publications and are classified within Level 2 of the valuation hierarchy. These Level 2 securities include certain government debt obligations, corporate obligations and treasury obligations. Level 2 investments also include certain alternative investments that are measured and can be redeemed at net asset value in the near term. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. For alternative investments that do not have sufficient activity or liquidity within the fund, the net asset value (or its equivalent) provided by the fund is utilized, as practical expedient, to determine fair value alternative investments are classified within Level 3 of the valuation hierarchy if they cannot be redeemed at net asset value at the measurement date. These Level 3 securities include distressed debt and real estate funds.

**Christel House International, Inc. and Affiliates**  
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The following tables present the fair value measurements of assets recognized in the accompanying combined and consolidated statements of financial position, measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2010 and 2009:

	<b>2010</b>			
	<b>Fair Value Measurements Using</b>			
<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	
Cash equivalents				
Money market mutual funds	\$ 3,075	\$ 3,075	\$ -	\$ -
Investments				
Equity securities	8,264	8,264	-	-
Government debt securities	2,109	592	1,517	-
Corporate obligations	1,363	-	1,363	-
Money market mutual funds	8,588	8,588	-	-
Equity and debt long/short hedge funds	746	-	746	-
Distressed debt funds	2,590	-	-	2,590
Real estate funds	27	-	-	27
Private investment partnership funds	1,695	-	1,695	-
Multi-asset fund	1,632	-	1,632	-
Total assets	<u>\$ 30,089</u>	<u>\$ 20,519</u>	<u>\$ 6,953</u>	<u>\$ 2,617</u>

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
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	2009			
	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash equivalents				
Money market mutual funds	\$ 1,860	\$ 1,860	\$ -	\$ -
Investments				
Equity securities	4,694	4,694	-	-
Government debt securities	2,038	575	1,463	-
Corporate obligations	830	-	830	-
Treasury obligations	81	-	81	-
Money market mutual funds	16,645	16,645	-	-
Equity and debt long/short hedge funds	724	-	724	-
Distressed debt funds	1,665	-	-	1,665
Real estate funds	72	-	-	72
Private investment partnership funds	1,529	-	1,529	-
Multi-asset fund	1,442	-	1,442	-
Total assets	<u>\$ 31,580</u>	<u>\$ 23,774</u>	<u>\$ 6,069</u>	<u>\$ 1,737</u>

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying combined and consolidated statements of financial position using significant unobservable (Level 3) inputs:

	Distressed Debt		Real Estate	
	2010	2009	2010	2009
Balance, January 1	\$ 1,665	\$ 2,008	\$ 72	\$ 240
Total realized and unrealized gains (losses)	747	43	(45)	(168)
Purchases	305	58	-	-
Sales	(127)	(444)	-	-
Balance, December 31	<u>\$ 2,590</u>	<u>\$ 1,665</u>	<u>\$ 27</u>	<u>\$ 72</u>

**Christel House International, Inc. and Affiliates**  
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Realized and unrealized gains and losses for items reflected in the table above are included in the change in net assets in the statement of activities as follows:

	<b>Distressed Debt</b>			
	<b>2010</b>		<b>2009</b>	
	<b>Change in Net Assets From Operations</b>	<b>Other Gains and Losses</b>	<b>Change in Net Assets From Operations</b>	<b>Other Gains and Losses</b>
Total gains and losses	\$ -	\$ 747	\$ -	\$ 43
Change in unrealized gains or losses relating to assets still held at the statement of financial position date	-	747	-	-

	<b>Real Estate</b>			
	<b>2010</b>		<b>2009</b>	
	<b>Change in Net Assets From Operations</b>	<b>Other Gains and Losses</b>	<b>Change in Net Assets From Operations</b>	<b>Other Gains and Losses</b>
Total gains and losses	\$ -	\$ (45)	\$ (10)	\$ (158)
Change in unrealized gains or losses relating to assets still held at the statement of financial position date	-	(45)	-	(115)

**Note 11: Concentration**

Christel House received approximately 50% and 37% of its contribution revenue from the Founder in 2010 and 2009, respectively.

**Note 12: Commitments and Contingencies**

Christel House 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 Christel House. Events could occur that would change this estimate materially in the near term.

**Christel House International, Inc. and Affiliates**  
**Notes to Combined and Consolidated Financial Statements**  
**December 31, 2010 and 2009**  
**(Amounts in Thousands)**

**Note 13: Current Economic Conditions**

The current protracted economic decline continues to present not-for-profit organizations with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets, and declines in contributions. The combined and consolidated financial statements have been prepared using values and information currently available to Christel House.

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

## **Supplementary Information**

**Christel House International, Inc. and Affiliates**  
**Combining and Consolidating Statement of Financial Position**  
**December 31, 2010**  
**(Amounts in Thousands)**

	Christel House International, Inc.	Christel House de Mexico, A.C.	Christel House Venezuela, A.C.	Christel House India	Christel House South Africa	Christel House Europe	Eliminations	Total
<b>Assets</b>								
Cash and cash equivalents								
Unrestricted	\$ 2,194	\$ 162	\$ 39	\$ 3	\$ 16	\$ 73	\$ 141	\$ 2,628
Restricted	880	3	-	14	169	-	-	1,066
Investments								
Unrestricted	592	76	133	-	-	-	-	801
Restricted	26,155	46	-	-	12	-	-	26,213
Accounts receivable	676	1	2	50	35	-	(50)	714
Contributions receivable	2,626	-	16	311	64	-	(91)	2,926
Other assets	41	23	17	33	94	-	-	208
Bond issue costs, net	177	-	-	-	-	-	-	177
Rental property - Christel House Academy	15,920	-	-	-	-	-	-	15,920
Property and equipment	88	2,161	693	1,446	5,789	-	-	10,177
	<u>\$ 49,349</u>	<u>\$ 2,472</u>	<u>\$ 900</u>	<u>\$ 1,857</u>	<u>\$ 6,179</u>	<u>\$ 73</u>	<u>\$ -</u>	<u>\$ 60,830</u>
Total assets								
<b>Liabilities</b>								
Accounts payable	\$ 127	\$ -	\$ 2	\$ 25	\$ 134	\$ -	\$ -	\$ 288
Accrued payroll and other	255	116	230	123	145	50	-	919
Bonds payable	10,010	-	-	-	-	-	-	10,010
Total liabilities	<u>10,392</u>	<u>116</u>	<u>232</u>	<u>148</u>	<u>279</u>	<u>50</u>	<u>-</u>	<u>11,217</u>
<b>Net Assets</b>								
Unrestricted	9,296	2,308	668	1,384	5,765	23	-	19,444
Temporarily restricted	29,661	48	-	325	135	-	-	30,169
Total net assets	<u>38,957</u>	<u>2,356</u>	<u>668</u>	<u>1,709</u>	<u>5,900</u>	<u>23</u>	<u>-</u>	<u>49,613</u>
	<u>\$ 49,349</u>	<u>\$ 2,472</u>	<u>\$ 900</u>	<u>\$ 1,857</u>	<u>\$ 6,179</u>	<u>\$ 73</u>	<u>\$ -</u>	<u>\$ 60,830</u>
Total liabilities and net assets								

**Christel House International, Inc. and Affiliates**  
**Combining and Consolidating Statement of Financial Position**  
**December 31, 2009**  
**(Amounts in Thousands)**

	Christel House International, Inc.	Christel House de Mexico, A.C.	Christel House Venezuela, A.C.	Christel House India	Christel House South Africa	Christel House Europe	Eliminations	Total
<b>Assets</b>								
Cash and cash equivalents								
Unrestricted	\$ 1,295	\$ 26	\$ 64	\$ 20	\$ 166	\$ 46	\$ 2,298	\$ 3,915
Restricted	590	12	-	35	44	-	-	681
Investments								
Unrestricted	575	122	186	-	107	-	-	990
Restricted	28,697	33	-	-	-	-	-	28,730
Accounts receivable	213	750	346	-	1,258	-	(2,298)	269
Contributions receivable	2,907	-	-	235	-	-	-	3,142
Other assets	42	32	74	48	-	-	-	196
Bond issue costs, net	192	-	-	-	-	-	-	192
Rental property - Christel House Academy	12,502	-	-	-	-	-	-	12,502
Property and equipment	1,281	2,103	1,321	1,404	5,094	-	-	11,203
	<u>\$ 48,294</u>	<u>\$ 3,078</u>	<u>\$ 1,991</u>	<u>\$ 1,742</u>	<u>\$ 6,669</u>	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ 61,820</u>
Total assets								
<b>Liabilities</b>								
Accounts payable	\$ 391	\$ 8	\$ 29	\$ 8	\$ 152	\$ -	\$ -	\$ 588
Accrued payroll and other	356	61	433	39	99	4	-	992
Bonds payable	10,630	-	-	-	-	-	-	10,630
Total liabilities	<u>11,377</u>	<u>69</u>	<u>462</u>	<u>47</u>	<u>251</u>	<u>4</u>	<u>-</u>	<u>12,210</u>
<b>Net Assets</b>								
Unrestricted	4,823	2,964	1,529	1,425	6,374	42	-	17,157
Temporarily restricted	32,094	45	-	270	44	-	-	32,453
Total net assets	<u>36,917</u>	<u>3,009</u>	<u>1,529</u>	<u>1,695</u>	<u>6,418</u>	<u>42</u>	<u>-</u>	<u>49,610</u>
Total liabilities and net assets	<u>\$ 48,294</u>	<u>\$ 3,078</u>	<u>\$ 1,991</u>	<u>\$ 1,742</u>	<u>\$ 6,669</u>	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ 61,820</u>

**Christel House International, Inc. and Affiliates**  
**Combining and Consolidating Statement of Activities**  
**Year Ended December 31, 2010**  
**(Amounts in Thousands)**

	Christel House International, Inc.	Christel House de Mexico, A.C.	Christel House Venezuela, A.C.	Christel House India	Christel House South Africa	Christel House Europe	Eliminations	Total
<b>Revenue, Gains and Other Support</b>								
Contributions	\$ 4,502	\$ 194	\$ 71	\$ 107	\$ 410	\$ 18	\$ -	\$ 5,302
Direct contributions	42	88	58	115	128	-	(431)	-
CHI Funding	-	372	1,357	553	1,068	77	(3,427)	-
In-kind contributions	86	21	67	20	330	21	-	545
Special events (net of expenses of \$153)	476	14	17	(50)	51	17	-	525
Grants	555	251	24	388	472	-	-	1,690
Investment income (net of expenses of \$7)	394	23	19	1	30	-	-	467
Rental income - Christel House Academy	812	-	-	-	-	-	-	812
Other	68	6	-	11	6	-	-	91
Total revenue, gains and other support	<u>6,935</u>	<u>969</u>	<u>1,613</u>	<u>1,145</u>	<u>2,495</u>	<u>133</u>	<u>(3,858)</u>	<u>9,432</u>
<b>Expenses</b>								
Program services								
Grants	3,833	4	-	-	-	46	(3,858)	25
Academics	1,158	1,490	1,722	923	3,371	-	-	8,664
	<u>4,991</u>	<u>1,494</u>	<u>1,722</u>	<u>923</u>	<u>3,371</u>	<u>46</u>	<u>(3,858)</u>	<u>8,689</u>
Management and general	738	122	173	84	117	19	-	1,253
Fundraising	994	137	79	182	151	85	-	1,628
Total expenses	<u>6,723</u>	<u>1,753</u>	<u>1,974</u>	<u>1,189</u>	<u>3,639</u>	<u>150</u>	<u>(3,858)</u>	<u>11,570</u>
<b>Change in Net Assets From Operations</b>	212	(784)	(361)	(44)	(1,144)	(17)	-	(2,138)
<b>Other Gains and Losses</b>								
Realized gain on investments	108	-	-	-	-	-	-	108
Unrealized gain on investments	1,720	-	-	-	-	-	-	1,720
Foreign currency translation adjustment	-	131	(500)	58	626	(2)	-	313
<b>Change in Net Assets</b>	2,040	(653)	(861)	14	(518)	(19)	-	3
<b>Net Assets, Beginning of Year</b>	<u>36,917</u>	<u>3,009</u>	<u>1,529</u>	<u>1,695</u>	<u>6,418</u>	<u>42</u>	<u>-</u>	<u>49,610</u>
<b>Net Assets, End of Year</b>	<u>\$ 38,957</u>	<u>\$ 2,356</u>	<u>\$ 668</u>	<u>\$ 1,709</u>	<u>\$ 5,900</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 49,613</u>

**Christel House International, Inc. and Affiliates**  
**Combining and Consolidating Statement of Activities**  
**Year Ended December 31, 2009**  
**(Amounts in Thousands)**

	Christel House International, Inc.	Christel House de Mexico, A.C.	Christel House Venezuela, A.C.	Christel House India	Christel House South Africa	Christel House Europe	Eliminations	Total
<b>Revenue, Gains and Other Support</b>								
Contributions	\$ 4,034	\$ 232	\$ 63	\$ 115	\$ 175	\$ 15	\$ -	\$ 4,634
Direct contributions	53	32	45	85	138	-	(353)	-
CHI Funding	-	1,360	1,404	343	3,294	69	(6,470)	-
In-kind contributions	172	11	74	25	58	16	-	356
Special events (net of expenses of \$232)	449	39	36	16	24	21	-	585
Grants	17	44	-	237	351	-	-	649
Investment income (net of expenses of \$58)	782	10	42	3	41	-	-	878
Rental income - Christel House Academy	914	-	-	-	-	-	-	914
Other	-	-	-	1	15	-	-	16
Total revenue, gains and other support	<u>6,421</u>	<u>1,728</u>	<u>1,664</u>	<u>825</u>	<u>4,096</u>	<u>121</u>	<u>(6,823)</u>	<u>8,032</u>
<b>Expenses</b>								
Program services								
Grants	7,419	4	-	-	-	288	(6,823)	888
Academics	1,334	1,266	2,891	740	2,561	-	-	8,792
	<u>8,753</u>	<u>1,270</u>	<u>2,891</u>	<u>740</u>	<u>2,561</u>	<u>288</u>	<u>(6,823)</u>	<u>9,680</u>
Management and general	661	108	339	72	86	23	-	1,289
Fundraising	936	116	136	147	114	62	-	1,511
Total expenses	<u>10,350</u>	<u>1,494</u>	<u>3,366</u>	<u>959</u>	<u>2,761</u>	<u>373</u>	<u>(6,823)</u>	<u>12,480</u>
<b>Change in Net Assets From Operations</b>	(3,929)	234	(1,702)	(134)	1,335	(252)	-	(4,448)
<b>Other Gains and Losses</b>								
Gain (loss) on sale of property	-	136	(20)	(6)	3	-	-	113
Realized loss on investments	(3,198)	-	-	-	-	-	-	(3,198)
Unrealized gain on investments	3,192	-	-	-	-	-	-	3,192
Foreign currency translation adjustment	-	102	1,883	59	989	21	-	3,054
Change in Net Assets	<u>(3,935)</u>	<u>472</u>	<u>161</u>	<u>(81)</u>	<u>2,327</u>	<u>(231)</u>	<u>-</u>	<u>(1,287)</u>
<b>Net Assets, Beginning of Year</b>	<u>40,852</u>	<u>2,537</u>	<u>1,368</u>	<u>1,776</u>	<u>4,091</u>	<u>273</u>	<u>-</u>	<u>50,897</u>
<b>Net Assets, End of Year</b>	<u>\$ 36,917</u>	<u>\$ 3,009</u>	<u>\$ 1,529</u>	<u>\$ 1,695</u>	<u>\$ 6,418</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 49,610</u>

**Christel House International, Inc. and Affiliates**  
**Combined and Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2010**  
**(Amounts in Thousands)**

	Program Service Expenses			Supporting Services		Total Expenses
	Grants	Academics	Total Program Services	Management and General	Fundraising	
Salaries and benefits	\$ -	\$ 4,535	\$ 4,535	\$ 751	\$ 826	\$ 6,112
Direct grants	25	-	25	-	-	25
Outside services	-	323	323	165	215	703
Course materials/supplies	-	502	502	-	-	502
Medicine/laboratories	-	33	33	-	-	33
Nutritional support	-	836	836	-	-	836
Sales and marketing	-	-	-	-	236	236
Travel and entertainment	-	58	58	78	59	195
Vehicle/transportation expense	-	487	487	4	3	494
Rent and facilities	-	545	545	128	67	740
Depreciation and amortization	-	1,009	1,009	51	6	1,066
Interest expense/bond fees	-	147	147	-	-	147
Other	-	189	189	76	216	481
Total expenses	<u>\$ 25</u>	<u>\$ 8,664</u>	<u>\$ 8,689</u>	<u>\$ 1,253</u>	<u>\$ 1,628</u>	<u>\$ 11,570</u>

**Christel House International, Inc. and Affiliates**  
**Combined and Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2009**  
**(Amounts in Thousands)**

	Program Service Expenses			Supporting Services		Total Expenses
	Grants	Academics	Total Program Services	Management and General	Fundraising	
Salaries and benefits	\$ -	\$ 4,391	\$ 4,391	\$ 770	\$ 895	\$ 6,056
Direct grants	888	-	888	-	-	888
Outside services	-	410	410	148	118	676
Course materials/supplies	-	504	504	-	-	504
Medicine/laboratories	-	43	43	-	-	43
Nutritional support	-	912	912	-	-	912
Sales and marketing	-	15	15	9	302	326
Travel and entertainment	-	31	31	54	49	134
Vehicle/transportation expense	-	442	442	3	2	447
Rent and facilities	-	601	601	127	75	803
Depreciation and amortization	-	863	863	52	4	919
Interest expense/bond fees	-	288	288	-	-	288
Other	-	292	292	126	66	484
Total expenses	<u>\$ 888</u>	<u>\$ 8,792</u>	<u>\$ 9,680</u>	<u>\$ 1,289</u>	<u>\$ 1,511</u>	<u>\$ 12,480</u>