

PROPOSAL OVERVIEW AND ENROLLMENT PROJECTIONS

Please provide information for the applicant group's **designated representative**. This individual will serve as the contact for all communications, interviews, and notices from the ICSB regarding the submitted application.

IMPORTANT NOTE: *The full application, including this form, will be posted on the ICSB website. Applicants are advised that local community members, including members of the media, may contact the designated representative for questions about the proposed school(s).*

Legal name of group applying for charter(s):	<u>Christel House Academy, Inc.</u>
Names, roles, and current employment	<u>Christel DeHaan, Founder & CEO, Christel House International</u>
	<u>Joseph P. Schneider, SVP & CFO, Christel House International</u>
	<u>Carey Dahncke, Principal and Chief Academic Officer, Christel House Academy, Inc.</u>
	<u>Cheryl J. Wendling, SVP, Christel House International</u>
Designated applicant representative:	<u>Cheryl J. Wendling</u>
Address:	<u>10 West Market Street, Suite 1990</u>
	<u>Indianapolis, IN 46204</u>
Office and cell phone numbers:	<u>Direct: 317-464-2336 Cell: 317-413-3485</u>
Email address:	<u>cwendling@christelhouse.org</u>

Provide the requested information for each school included in this proposal.
(You may add lines to the table if needed.)

Proposed School Name	Opening Year	School Model (e.g., college prep, dropout recovery)	Geographic Community *	School District(s) in Proposed Location	Grade Levels at Full Enrollment
Christel House Academy I - Gary	2016	College Preparatory	Gary, IN	Gary Community Schools Corporation	K-12
Christel House Academy II - Gary	2018	College Preparatory	Gary, IN	Gary Community Schools Corporation	K-12

Christel House Academy III - Gary	2020	College Preparatory	Gary, IN	Gary Community Schools Corporation	K-12
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NOTE: * Please indicate the city/town and, if known, potential address or neighborhood of location. Virtual operators should indicate the relevant geographies the operator intends to serve.

Proposed Grade Levels and Student Enrollment

Provide the following information for each charter school included in this proposal. Specify the planned year of opening for each, the grade levels served, and both the planned and maximum number of enrolled students by grade level for each year. (You may duplicate the table as needed.)

Proposed School Name:	Christel House Academy I - Gary	
Academic Year	Grade Levels	Student Enrollment (Planned/Maximum)
Year 1 (2016)	K-2	150 / 154
Year 2	K-3	200 / 206
Year 3	K-4	250 / 258
Year 4	K-5	300 / 310
Year 5	K-6	350 / 362
At Capacity	K-12	650 /700

Do any of the proposed schools expect to contract or partner with an Education Service Provider (ESP) or other organization for school management/operation?* Yes No X

If yes, identify the ESP or other partner organization: N/A

Will an application for the same charter school(s) be submitted to another authorizer in the near future?

Yes No X

If yes, identify the authorizer(s): None

Planned submission date(s): N/A

Please list the number of previous submissions for request to authorize this(ese) charter school(s) over the past five years, as required under IC § 20-24-3-4. Include the following information:

Authorizer(s): None

Submission date(s): N/A

**CHRISTEL HOUSE ACADEMY
SCHOOL NETWORK
PROPOSAL NARRATIVE**

**Submitted to the
Indiana Charter School Board
March 15, 2013**

EXECUTIVE SUMMARY

MISSION AND VISION

Christel House Academy (hereinafter “CHA”) proposes to locate up to three K-12 charter schools in Gary, Indiana over the next five to eight years as part of its Network Expansion, in furtherance of its strategic vision to positively impact education within the state of Indiana in the areas of greatest need. The mission of CHA is to be a provider of outstanding education to an underserved population and to maintain high standards of academic rigor, efficiency and accountability. It will provide students with the academic proficiency necessary for higher education, equip them with the desire for lifelong learning, strengthen their civic, ethical and moral values, and prepare them to be self-sufficient, contributing members of society. These expansion schools will be modeled after the highly successful Christel House Academy located on Indianapolis’ near south side, and which serves a high-needs, inner city population. Plans are still evolving, but opening dates of 2016, 2018 and 2020 are currently targeted.

CHA’s strategic vision is to impact two of the most challenged public school systems in the state—Indianapolis Public Schools and Gary Community School Corporation—with a concentration of schools in each community to offer children and parents in those communities viable options for public education. Charters for the Indianapolis expansion schools are currently being sought from the Office of the Mayor; the Indiana Charter School Board is the desired authorizer for our proposed Gary expansion.

EDUCATIONAL NEED

According to schooldigger.com, Gary is ranked 389th out of 400 Indiana cities evaluated for the quality of education available. Four of the ten worst middle schools in the state are located there, along with 3 of the ten worst high schools and 2 of the ten worst elementary schools. It is not just the Gary Community School Corporation that has failed the community. Of the 7 charter schools located there, 4 received “F” ratings from the Indiana DOE; 2 received “D’s” and only one school achieved a grade of “C.” Of the 32 schools rated by the DOE in Gary, 22 received a grade of “F.” Six received “d’s” and only 2 got a grade of “C.,” However, proving that success IS possible with this challenging population, Benjamin Banneker Elementary—a public K-8 school, received an “A” grade, and The Frankie W. McCullough Academy for Girls—a K-6 public school—received a B. CHA anticipates replicating the ethos of its Indianapolis school, and creating much needed opportunities for children who have few viable educational options.

TARGET POPULATION

Christel House expansion schools will serve at-risk children from inner-city environments. Demographically, we anticipate that the schools' populations will mirror those of the surrounding communities. Students at CHA in Indianapolis, which opened in 2002, are 93% free and reduced lunch, 24% African American, 30% Latino, 10% multi-racial and 36% Caucasian. The city of Gary, Indiana is home to about 110,000 people with a median annual household income of less than \$29,000. Median average income for our state is about \$43,000. Only 14% of the population over age 25 has a college degree. Data shows that Gary is 84% African American, 5% Latino and 11% Caucasian. Nearly 40% of households have children under age 18, and 18% of households are headed by single mothers with no father present.

<http://gary.areaconnect.com/statistics.htm> Crime in Gary is worse than the national average for murder, rape, robbery, burglary, theft and motor theft. Gary's murder rate is nearly 7 times the national average, and close to 3 times the murder rate in Indianapolis. Clearly, the need to provide effective solutions to revitalize this community is enormous. <http://gary.areaconnect.com/crime1.htm>

COMMUNITY ENGAGEMENT

CHA has not begun community engagement strategies, but would use those that have been effective both in Indianapolis and in communities around the world where Christel Houses are located. These include gaining grass roots support by working with churches, non-profit organizations, neighborhood associations and local government officials.

EDUCATION PLAN/ SCHOOL DESIGN

Christel House Academy has achieved significant local and national attention for our exceptional programming and outcomes. Understanding Indiana needs more good educational options, the Academy's Board of Directors have tasked the organization's leadership with developing the capacity to grow.

CHA is rapidly closing the achievement gap for students who would otherwise be disenfranchised within the conventional academic setting. CHA's program works by providing (1) high quality and challenging academic curriculum; (2) on-site mental health and social services, (3) outreach to parents and families and (4) art, music and extracurricular activities.

NETWORK GOVERNANCE AND LEADERSHIP

The Christel House Academy Network Schools - Gary will be governed by a highly skilled and diverse group of professionals, including educators, business leaders, a CPA, an attorney and a philanthropist, all of whom are passionately devoted to establishing charter schools that succeed in preparing children, regardless of ability, income or background, to reach their fullest potentials.

In the initial stages of development, the existing Christel House Academy Board of Directors will govern the network of charter schools, including the Gary charters. As the schools mature, the Board will weigh options for establishing local boards, if it believes the schools will be better served by that arrangement.

The individuals serving on Christel House Academy's Board of Directors are identified in **Attachment 6**, and their credentials outlined therein.

SECTION I: EVIDENCE OF CAPACITY

FOUNDING GROUP

Founding Group Membership

1. The following individuals are key members of the Founding Group for Christel House Network Expansion:

- Christel DeHaan, Founder, Christel House International and Christel House Academy
- Joseph P. Schneider, Chief Financial Officer and Senior Vice President, Christel House International
- Carey Dahncke, Chief Academic Officer and Principal, Christel House Academy
- Cheryl Wendling, Senior Vice President, Christel House International

This group possesses outstanding qualifications for establishing high quality schools in Indiana, and is responsible for creating the global network of Christel House schools around the world, which currently serve nearly 3400 students in India, Mexico, South Africa, as well as the United States.

Christel DeHaan is legendary for her vision, business acumen and leadership capabilities. She ensures that all aspects of the organization are operated to the highest standards of excellence and integrity. She is extremely knowledgeable in the areas of both educational and business best practices, and holds staff accountable with rigorous performance metrics.

Carey Dahncke provides exceptional capabilities in the areas of school leadership, administration, curriculum, instruction and school operations management. Since 2006, Mr. Dahncke has served as Principal of Christel House Academy in Indianapolis. Mr. Dahncke acts as the charter school's chief role model by providing direct, hands-on leadership to the staff; developing and supervising instructional programs; ensuring compliance with state, federal and local laws; setting funding priorities and monitoring all budgets; hiring and evaluating all teachers and staff; and actively engaging students, parents, the Board of Directors, government officials and the general public.

Mr. Dahncke is an accomplished educator and school administrator. Under his leadership, the Indianapolis charter school has realized dramatic improvement in student performance, attendance and retention. In 2011, CHA students' ISTEP+ standardized test scores exceeded the Indiana state average for the third consecutive year. Additionally, during his tenure, staff engagement and retention have reached their highest levels in the school's history. Family involvement, which is particularly challenging among the culturally diverse and underserved population served by the charter school, has also improved substantially thanks to a home visit program launched by Mr. Dahncke.

Mr. Dahncke will act as the Director of the Network during CHA's expansion; he will report jointly to the Board of Directors and Christel House International's CEO.

He will be responsible for day-to-day management and operation of the schools, and for ensuring that all charters are effectively and genuinely implemented. Dahncke will also help the Board achieve its oversight responsibilities and goals, by keeping it well informed on educational practices, student achievement, staffing, managerial, fiscal, and other matters. Furthermore, he will be available to work interactively with the Board on policies that are necessary to ensure the establishment and operation of a successful school.

He will be empowered to employ additional school staff to assist with adequately fulfilling all aspects of school management, including those individuals with specialized knowledge in areas of school finance and information management. When appropriate, he will also employ contracted business organizations who will support the management personnel in most effectively.

Joseph P. Schneider brings expertise in the areas of finance, business and facilities management. As Senior Vice President, Treasurer and Chief Financial Officer of Christel House International, Mr. Schneider is responsible for ensuring all accounting, finance, risk management, human resources, facilities and information systems activities are conducted with complete transparency through rigorous business practices and high measures of accountability. He oversees all finance-related matters for Indianapolis-based Christel House International, as well as its nine affiliated entities located in the United States, India, Mexico, and South Africa.

Mr. Schneider has played a vital role in streamlining policies and procedures for the organization's network of learning centers worldwide. He developed the organization's Policies and Operations Manual which describes Christel House International's expectations and measurements for the successful operation of every learning center/school which bears the Christel House name. Policies and procedures relating to every aspect of operation, from academic to administrative, are clearly delineated in this document.

In 2009 and 2010, Mr. Schneider successfully negotiated and implemented construction contracts for both Christel House Academy-Watanabe High School (Indianapolis) and Christel House Lavasa (2nd learning center opened in India). He developed and scrutinized all budgets throughout the construction process, closely liaised with construction managers for quality control, and ensured on-time project completion.

Cheryl Wendling brings expertise in governance, operations management and business, as well as extensive experience in the start-up of school operations. A member of the senior leadership team since the inception of Christel House, Ms. Wendling was responsible for start-up processes in Mexico, India, South Africa, Venezuela and the United States, including analyzing social and market conditions, selecting and procuring facilities, determining legal and regulatory requirements, formally establishing and incorporating non-governmental organization entities, identifying and securing senior level employees and board members, and coordinating pre-opening activities.

Also Included at **Attachment 1** are the full resumes for the Founding Group Members

2. CHA believes strongly in the value of collaborations and partnerships, and once established, will seek to bring others into its programming to provide specific services. For example, Christel House Academy in Indianapolis currently partners with all of the following organizations: Indiana Department of Education; University of Indianapolis; Butler University; Big Brothers Big Sisters; YMCA; Community Health Network; Cummins Behavioral Health Systems and Indianapolis Marion County Public Library.

However, CHA will not utilize any organizations, agencies or consultants for purposes of planning or establishing the schools proposed.

3. CHA has achieved significant local and national attention for its exceptional programming and outcomes. Understanding that Indiana—and Gary in particular—needs more good school choices, the CHA's Board of Directors have tasked the organization's leadership with developing the capacity to grow and replicate. The CHA Board, staff and management are all committed to giving at-risk, inner city students the opportunity to receive a rigorous, high quality, college-preparatory education. Access to charter schools that are free, public, non-selective in admissions, will enable all school children, regardless of background, income, ability or special need, to have an opportunity to excel academically to their fullest potential. Christel House Academy I, II and III will offer such an opportunity.

School Leader and Leadership Team

1. There are currently no school leaders identified for Christel House Academy Network Expansion in Gary. The applicant believes it has sufficient time and an effective process for the identification and training of such leaders. Mr. Dahncke will spearhead a Principal-in-Training program, and all future academic leaders for Christel House will shadow him closely, so that they will be able to replicate the ethos and environment he has so successfully inculcated at Christel House Academy. During Mr. Dahncke's tenure at CHA, the school's ISTEP scores have improved dramatically. His thoughtful problem-solving skills, knowledge of educational best practices, and ability to empower and motivate his faculty and staff to excel are some of the key drivers of his success, and those we hope he will be able to convey to future Christel House school leaders.

Mr. Dahncke will have additional responsibilities for the network expansion, including screening, interviewing and hiring the best prospective school leaders for the Principal-In-Training program; identifying the most desirable expansion facility locations to reach our target population; liaising in lease and/or purchase discussions; and overseeing day-to-day expansion issues to ensure our high-quality standards are maintained. Mr. Dahncke's responsibilities as Principal of CHA will be delegated to individuals under his supervision who are Principals-In-Training, thus freeing his time to focus on expansion.

Also involved in the network expansion will be Joseph P. Schneider and Cheryl Wendling. Mr. Schneider will be primarily responsible for budgeting and financial

oversight of the network, facilities acquisition and human resource policies and procedures. Principals-In-Training will shadow Mr. Schneider for some period of time to gain a thorough understanding of the POM as it applies to charter school operations, and to become solidly grounded in the business disciplines by which Christel House operates. Ms. Wendling will be primarily responsible for contracts and other legal matters, corporate governance and start-up operations.

Development of leadership staff is of primary importance to the successful growth of the organization. The following organizations are being utilized to assist in identifying potential talent to bring into CHA:

- The Indianapolis Principal Fellowship Program – identification and training of highly talented educators, early in their leadership development
- Teach for America – identification of teachers with strong leadership skills
- The Indianapolis Teaching Fellows – identification of educators with a strong educational background outside of education
- The University of Indianapolis iLead program – university principal preparation program for teachers
- University of Indianapolis CELL – development of a teacher mentor program, to ensure strong development of teacher leaders & implementation of Indiana TAP
- Expeditionary Learning – consultation and leadership development around instructional improvement
- Indiana Association of School Principals – principal development programming

2. Dahncke, Schneider and Wendling all devote full-time efforts to Christel House, although Schneider and Wendling have additional responsibilities for international operations. CHA compensates Dahncke; Schneider and Wendling are compensated by Christel House International. It is likely that the time these individuals expend on behalf of CHA's Network Expansion will be reimbursed to the employing entity at actual cost at such time as cash flow will allow.

3. Outlined below are the primary responsibilities and qualification of the schools' administrative/ management team. At this point, the applicant has not identified any individuals who will fill these roles.

PRINCIPAL – reports to the Chief Academic Officer of the Christel House Academy Network.

JOB SUMMARY: Is the chief academic member of the school, providing leadership in administering and supervising the instructional program of the school, and provides oversight of the entire organization's operation.

EDUCATION: Master's Degree in Education

MAJOR RESPONSIBILITIES:

- Provides direct and hands-on leadership in the organization with the development and supervision of all instructional programs.
- Provides indirect leadership of all non-instructional programming.
- Ensures compliance with state, federal and local laws and with the CH-POM.
- Sets the priorities for budgeting, in conjunction with the Network Director, Christel House International staff and the Board of Directors.
- Coordinates and supervises community based support programs.
- Monitors and evaluates the performance of teachers and staff.
- Monitors and evaluates the performance of student(s) using formal and informal data.
- Promotes and implements research based best practices.
- Provides mentoring and guidance to teachers and other instructional staff.
- Assists in the development and implementation of professional development activities / programs related to the instruction.
- Cooperates in establishing positive relations between home, school, and the community in order to create an effective public relations program.
- Oversees substitute teachers and ancillary staff.
- Engages in outreach activities to enhance programs and operations.
- Works with the other staff to enforce the rules and regulations using various disciplinary measures including, but not limited to, parent/student conferences.
- Ensures the needs of parents and students are met within the organization.
- Monitors all equipment maintenance requests and transportation activities.
- Monitors and evaluates the performance of teachers and staff.
- Ensures the school's climate is inviting and conducive to teaching and learning.

INTANGIBLES

Acting as the chief role model for the organization, the Principal sets the tone in practicing the CH Core Values in-action and in fostering a "no excuses, whatever it takes" approach in an dignified and respectful manner.

ASSISTANT PRINCIPAL – reports to the Principal

JOB SUMMARY: Assists the principal in the general leadership and administration of the school, with specific responsibility in providing leadership in administering and supervising the instructional program at the secondary level.

EDUCATION: Master's Degree in Education

MAJOR RESPONSIBILITIES:

- Provides direct and hands-on leadership in the organization with the development and supervision of all instructional programs in coordination with the Principal.
- Provides indirect leadership of non-instructional programming.
- Assists the Principal in maintaining compliance with state, federal and local laws and with the CH-POM.
- Coordinates and supervises community based support programs at the secondary level.
- Under the direction of the Principal, assists in monitoring and evaluating the performance of teachers and staff.
- Monitors and evaluates the performance of student(s) using formal and informal data.
- Promotes and implements research based best practices within the philosophical parameters of the school.
- Provides mentoring and guidance to teachers and other instructional staff.
- Assists in the development and implementation of professional development activities / programs related to the instruction.
- Cooperates in establishing positive relations between home, school, and the community in order to create an effective public relations program.
- Oversees designated substitute teachers and ancillary staff.
- Works with the other staff to enforce the rules and regulations using various disciplinary measures including.
- Ensures the school's climate is inviting and conducive to teaching and learning.

INTANGIBLES

Works with the Principal to set the tone in practicing the CH Core Values in-action and in fostering a “no excuses, whatever it takes” approach in a dignified and respectful manner.

SCHOOL SOCIAL WORKER – Reports to the Principal

JOB SUMMARY: The Social Worker is responsible for the delivery of the school social work services program.

EDUCATION: Master's Degree in Social Work (MSW)

MAJOR RESPONSIBILITIES:

1. Planning and Development:

- a. Assisting in the formulation of administrative procedures, policies, and curriculum which directly affect the welfare of students.
- b. Develops school social work objectives.
- c. Assists in the development of plans that will improve the quality of services that agencies provide to students based on assessed needs.

2. Service to Students:

- a. Providing individual or group counseling for children who are experiencing problems in school, home, or community adjustment with an emphasis upon early intervention.
- b. Encouraging and assisting families in their pursuit of community services that may assist in the remediation of school centered problems.

3. Services to Parents:

- a. Assisting parents in preventing problems by facilitating communication with the school.
- b. Assisting parents to understand problems experienced by their children. This is accomplished through home visits, group counseling, parent training and referrals to community services.

4. Services to Teachers:

- a. Providing collaboration and consultation regarding student problems and coordinating plans and actions to meet them.
- b. Facilitating the involvement of community agencies in efforts directed toward the remediation of student problems in school adjustment.
- d. Provides professional development to teachers

5. Services to the Community:

a. Meeting with individual and community groups to explain school programs and student problems.

b. Assisting community agencies in their understanding of student clients.

7. Program Administration:

a. Maintaining records of all services provided.

b. Maintaining reports of work with students to include social histories, adaptive behavior, reports of differential diagnoses and prescriptions of truancy reports.

c. Provides reports to appropriate local, state, and federal agencies.

GOVERNANCE

Legal Status and Governing Documents

Please see attached, **Attachment 4**

Governing Board

1. Governance Structure and Composition. Initially, and most likely on an ongoing basis, the new CHA schools in Gary will be governed by the network-level CHA board. Per the organization's bylaws, there are a minimum of 5 and a maximum of 15 directors. Currently the following 13 individuals serve on Christel House Academy's Board of Directors:

- Mr. Murvin Enders: Chair, Executive Director of 100 Black Men of Indianapolis
- Ms. Christel DeHaan: VP, Founder of Christel House International
- Mr. Alan Levin: Treasurer, Managing Partner at Barnes & Thornburg
- Ms. Cheryl Wendling: President, Sr VP at Christel House International
- Mr. Thomas Kegley: Secretary, President of Home Health Monitoring Service
- Dr. Alfonso Alanis: Member, Chairman and Chief CEO of Anaclim LLC
- Ms. April Jones: Member, School Representative
- Heather Macek: Member, Attorney at Barnes & Thornburg
- Margaret R. Watanabe: Member, Indiana University School of Medicine
- Mr. Carey Dahncke: VP, Director of Christel House Academy
- Ms. Hope Hampton, Member, Community Leader
- Mr. Stephen Osborn, Member, CE Solutions, Inc.

2. CHA is an existing charter school and therefore will require no adaptation of its governance structure.

3. CHA's Chief Academic Officer, Mr. Dahncke, is responsible for reporting regularly to the Board on all Indiana charter schools within the network. Legal and fiduciary obligations will carry over to all schools and the future Academies' governance will be managed by the existing by-laws and procedures, as already established by the Christel House Academy's Board of Directors.

4. The board of Christel House Academy Educational Network meets four times annually, in March, July, September and December. It has maintained this frequency from inception. Currently the board has no Committees; however, with expansion of the network it is expected that the board will revisit their usefulness.

All board meetings are open to the public, duly noticed and agendas are posted as required by IC 5-14-1.5. Minutes of every meeting are kept, and available to the public for review or photocopying. Executive Sessions are held when needed to discuss

matters falling within the scope of the statute, and public notice is provided. Memoranda of Executive Sessions are kept, detailing the substance of discussions and certifying that no other topics were discussed.

5. The Conflict of Interest Policy and Conflict of Interest Statement are included as **Attachment 7**. The policy is reviewed annually in the last board meeting of the year, and directors sign a conflict of interest disclosure at this time.

6. No Advisory Bodies are contemplated at this time.

7. The School Handbook will contain a grievance processes substantially identical to those adopted by CHA. Parents are provided with clear guidance, which reads as follows:

Parent Involvement Policy

Christel House Academy encourages an atmosphere in which parents, administration and faculty join in a partnership to foster the mission of CHA. This partnership offers an environment for collaboration and exchange of information between school and parents.

1. Parents have the right to be involved and participate in their child's educational experience.
2. Parents will be informed of their rights under Title I. The principal of the school will present the information.
3. Parents will receive information on all parent programs in advance.
4. Parents will be informed that the Parent Teacher Support Group provides the opportunity for parents to raise concerns about school wide policy.
5. Parents will receive the Parent Teacher Support Group Newsletter on a monthly basis (at minimum).
6. Parents will have the opportunity to participate in workshops on how to improve their child's school work.
7. Parents will receive an explanation of curriculum and a copy of the Indiana State Standards at a parent conference from their child's teacher.
8. Parents will receive the voice mail number and email address of their child's teacher in the welcome letter sent to parents and students before the start of school.
9. Parents have the opportunity to make decisions regarding the education of their child by initiating conversation with the child's teacher. School-wide concerns should be addressed through the principal.
10. Parents will be informed of teacher professional development days through the school newsletters. Professional Development of teachers includes ways to build a successful communication bridge between the school and home.
11. Parents have the opportunity to review materials on how they can improve their child's academic achievement in the parent resource area. Parents should contact the Christel House Academy social worker/counselor to set up an appointment for the resource area. Additional support may be provided at the parents' request.

12. Parents that need documents written in Spanish will have the opportunity to select "Spanish Materials" on the application for enrollment and registration forms at Christel House Academy.
13. Parents will sign the **Christel House Family Commitments**, which is a written agreement of what schools and parents are each supposed to do to help students achieve.

Parents who feel that their rights have been violated, or that the needs of their child are not being met, should schedule an appointment with their child's teacher by phone or email. If the issue is not resolved, the parent should place the issue in writing and contact the school principal by phone or email.

Parents concern with the Title I program will be forwarded to the Department of Education, Division of Compensatory Education with the following year's grant application.

Likewise, Students are provided with clear guidance for the process of resolving disagreements. The Student Handbook will contain provisions substantially as follows:

Procedural Due Process

Procedural Due Process is afforded to all students subject to discipline and includes the following:

1. Opportunity to respond to charges in front of a qualified teacher or administrator of the school
2. Opportunity to present witnesses
3. Notification of all evidence
4. Notification of formal outcome within a certain number of days of hearing
5. Right to appeal

Procedures for all Expulsion Hearings

1. A presentation of the evidence against the student is stated by an independent Hearing Officer.
2. A presentation by the student and parent or parent's designee (individual) of any defense or mitigating circumstances.
3. Submission of written statements from any person in defense of the student accepted by the Hearing Officer. The student may present witnesses and evidence in rebuttal of the school's allegation to the Hearing Officer.
4. The Hearing Officer records a summary of the facts and disputed evidence.
5. Failure of the pupil and/or parent to appear at the hearing without good cause constitutes a waiver of the hearing and the case is reviewed by the Hearing Officer. A decision is rendered on the evidence available.
6. On the day of the hearing, a presentation detailing the reasons for the decision is given to the student and parent or guardian. Formal findings from

the hearing officer will be mailed within 10 days of the hearing. The decision may authorize return to school at an earlier date, and may include an alternative educational plan or an evaluation request under Chapter 766.

General School Rules and Policy

CHA facilitates the development of disciplined individuals toward fostering a community of learners' attitude and environment. CHA celebrates the development of our children and recognizes the positive growth in all areas, while at the same time correcting the negative choices and teaching the proper way.

Policies and consequences consistent with our mission are necessary to ensure a safe learning environment for every child.

All publically available corporate and school documents will be made available to parents free of charge, except in the event the school determines the parents' request is unreasonable or for purposes of harassment. In such event, a charge of 10 cents per page copied will be imposed. No confidential information will be shared under any circumstances.

SCHOOL MANAGEMENT CONTRACTS

Not Applicable

NETWORK VISION, GROWTH PLAN AND CAPACITY

1. CHA's five-year strategic expansion plan is in the process of development and therefore, **Attachment 9** is intentionally left blank. Responses to questions 2 – 5 follow.

2. CHA's strategic vision is to impact two of the most challenged public school systems in the state—Indianapolis Public Schools and Gary Community School Corporation—with a concentration of schools in each community to offer children and parents in those communities viable options for public education. Planned schools will be some combination of K-12 and dropout recovery schools (DORS), patterned after the two charter models CHA is currently operating in Indianapolis. These models will be efficiently operated in tandem, with a K-12 school using the facility during the school day, and the DORS program utilizing the facility at night and on weekends. (DORS charters are being requested from the ICSB pursuant to a separate application submitted contemporaneously herewith.)

The commitment of CHA is to serve the most at-risk and impoverished communities in our state. Should other charter operators open schools in Gary, or should those schools currently located there improve significantly, such that the need for Christel House is lessened, CHA would request approval from the ICSB to relocate its expansion to another community where greater impact could be achieved.

While more research is required, preliminary thinking would be to open K-12 schools in 2016, 2018 and 2020, and DORS schools in 2017, 2019 and 2021. The approximate size of these schools will be comparable to CHA in Indianapolis. Each K-12 school, when filled to capacity, could serve 720 students; DORS schools are expected to have a maximum capacity of 300.

CHA holds itself to very high standards for student achievement, and would expect to deliver similar results with CHA I, II and III – Gary. As a benchmark, the accomplishments of CHA's K-12 charter school in Indianapolis follow.

CHA was the lowest performing school in the State of Indiana on the 2002 ISTEP+ exam, with only 22% of 3rd grades passing the math portion and 41% passing language arts. The percentage of students passing both language arts and math was a dismal 28.4%. With a focus on improving instructional quality, student attendance and retention, ISTEP+ results have steadily improved over the past nine years.

In 2008-2009, CHA's average ISTEP+ pass rate was 74.3%, with 73.6% of students passing language arts and 74.9% passing math. The school met AYP in 27 reportable categories, received Indiana Department of Education's "Exemplary" rating for the third consecutive year, was designated as a Title 1 High Performing School, and Mr. Carey Dahncke was named a Distinguished Title I Principal.

In 2009-2010, CHA's students outperformed the Indiana state average ISTEP+ score with a 79.895% pass rate. Students scored an 81.1% pass rate in language arts and 78.69% in math. The school met AYP in 29 reportable categories (one of only a very

small number of schools in the State of Indiana measured so aggressively) and again received IDOE's "Exemplary" rating. In April 2009, Indiana State Superintendent of Public Instruction Tony Bennett recognized CHA as a Title 1 school that is "defying conventional wisdom." Referring to Hosford Park Elementary (Gary, IN), Lakeside Elementary (Indianapolis) and Christel House Academy, Bennett said, "These are examples of three schools – two traditional public schools and a public charter school – that are facing all the challenges we know so well and beating the odds. Clearly there isn't a one-size-fits-all model for success, but these schools prove what's possible for all Indiana schools."

In 2010-2011, CHA's students again outperformed the Indiana state average ISTEP+ score with an 83.837% pass rate. Students scored an 80.4% pass rate in language arts and 83.4% in math. CHA exceeded the ISTEP+ scores of Indianapolis Public Schools, with a comparable student demographic, by 25 percentage points. The school again met AYP in 29 reportable categories, received IDOE's "Exemplary" rating, and was lauded as a Title 1 High Performing School. In the spring of 2011, CHA achieved the highest growth rate in English/Language Arts proficiency among students in grades 3-8 in Indiana.

3. Since 1998, Christel House International has established Learning Centers in Mexico, Venezuela, India and South Africa, serving over 4,000 impoverished children worldwide. All Christel House Learning Centers maintain a strong focus on English, computer literacy, life skills and the mastery of core academic subjects.

In addition to academic rigor, Christel House focuses on character development through the inculcation of four core values—Respect, Responsibility, Independence and Integrity. Through a number of enrichment programs, it provides a holistic approach to child development, including outreach programs to help parents learn and advance. Children attending Christel House Academy I, II and III - Gary will achieve dignity and success, and upon graduation, will have the skills necessary to lead self-sufficient, productive lives.

The schools' leadership staff will benefit from collegial support, as well as through the bi-annual global leadership conference held for Heads of Christel Houses. This opportunity allows for school leaders to share and learn from best practice internationally.

4. Christel House International has launched school in numerous international locations. Recently, Christel House India was selected as a highly effective model by an India commercial real-estate developer. Faced with the need for a new school for very impoverished students in a remote location in India, Christel House International worked with the Bangalore learning center to replicate its programming. Two years ago, Christel House Lavsa was established. This replication endeavor has been highly successful.

Domestically, Christel House International will assist Christel House Academy in the expansion efforts. The same resources and expertise that was used to replicate the Christel House India learning center will be available to assist the Academy.

Additionally, Christel House Academy was awarded a Mind Trust Charter School Incubator grant, demonstrating the confidence of this esteemed organization in CHA's capacity to replicate effectively.

Human Capital is a key component of the expansion plan. It is expected that the additional campuses will leverage the expertise of some existing Christel House Academy employees, and could possibly relocate key talent. Additionally, the development of additional campuses in the state will allow for increased professional development opportunities at all schools.

CHA's expansion schools will not directly employ staff, but will lease staff from Christel House Academy, Inc. for the purposes of operating the school pursuant to a Client Services Agreement. All expenses will be passed through to the purchasing school at cost, and without mark-up.

All recruitment, benefits and payroll services will be provided to the network charter schools by Christel House Academy, Inc.

Christel House Academy uses Taleo Talent Intelligence tools for online applicant tracking and recruiting—branded as the CHA Careers Site.

5. The greatest anticipated risks and challenges to achieving CHA's desired outcomes are set forth below, together with strategies to mitigate.

- Inability to find qualified school leadership – CHA has already implemented a Principal-In-Training (PIT) program, where it identifies and hires strong prospective leadership to shadow with current leadership for a period of at least one year, thereby creating a transfer of knowledge and processes to ensure most effective replication.
- Turnover in school population – To be effective, CHA's model requires a longitudinal approach. If the school population turns over rapidly, results will not meet expectations. To minimize this risk, school leadership emphasizes developing strong relationships with students' families. Home visits are an important component of the model, as are expanded social work and behavioral counseling services.
- Inability to find suitable facilities which can be financed effectively within the charter schools' budgets – CHA will work with state and municipal governments to identify properties which may be available on a cost-effective basis. If facilities cannot be procured in this manner, CHA has access to fundraising staff who can assist in executing a capital campaign.
- Pervasive culture of drugs, gangs and violence in the communities in which our students live – Christel House has significant experience in overcoming the debilitating effects of poverty and developing young people with strong values, a good work ethic and a desire to make the world a better place. An emphasis on character and values in every aspect of the school is necessary to effect this

transformation. Opening the K-12 schools with only K-2 in the first year, and growing organically thereafter, will enable CHA to firmly set the ethos and culture of the school.

NETWORK MANAGEMENT

As a replication site, the future Academies' governance will be managed by the existing by-laws and procedures, established by the Christel House Academy's Board of Directors.

The Chief Academic Officer ("CAO") of CHA will act as the Director of the Network during expansion of the program. The CAO will report jointly to the Board of Directors and Christel House International's CEO.

The CAO is responsible for day-to-day management and operation of the schools, and is responsible for ensuring that all charters are effectively and genuinely implemented. The CAO also helps the Board achieve its oversight responsibilities and goals, by keeping the Board well informed on educational, student achievement, staffing, managerial, fiscal, and other matters. Furthermore, the CAO will be available to work interactively with the Board on policies that are necessary to ensure the establishment and operation of a successful school.

The CAO will report to the Board as necessary, on fiscal, educational and related issues; and will also oversees personnel matters regarding employee files, statements of hire, payroll, and benefits, coordinates and oversees all services provided by outside contractors and vendors, is responsible for all financial transactions and record keeping.

The CAO will employ additional school staff to assist with adequately fulfilling all aspects of school management, including those individuals with specialized knowledge in areas of school finance and information management. When appropriate, the CAO will also employ contracted business organizations who will support the management personnel in the most effective means.

The network schools will operate within the framework of the existing Christel House Academy charter school in Indianapolis. As such, the schools will utilize existing services for financial and business services where practical. Charges for such services will be billed back to the school served at actual cost to CHA. Additional staff will be employed to extend the capacity of the Business Office, however all financial controls and business processing systems will stay in place.

All network schools' staff will also be employed by CHA, and the school to which the staff member is assigned will be billed for all costs of employment, on the basis of actual cost.

To ensure fiscal and operational vitality, CHA will:

Development of a Five-Year Network Strategic Plan approved first by Christel House International, and then by the CHA Board of Directors. This strategic plan will be updated annually as part of the business planning process.

The Academies will each develop their local business plans, following the guidelines established for Christel House learning centers worldwide, in collaboration with Christel House Academy’s Chief Academic Officer. These business plans set concrete goals for all aspects of the school’s operation. At the end of each academic year, the school will provide CHA and the CHA Board with a Close Out Report which specifically delineates actual results compared to goal. The business plan will be submitted to Christel House International for monthly monitoring. Christel House International will assist the schools’ boards in tracking the progress made in completing the objectives in the business plan.

Annually, the Academies will develop a budget in conjunction with Christel House Academy. These budgets will be approved by the CHA board and tracked both by Christel House Academy and Christel House International.

FUNCTION	NETWORK ORGANIZATION DECISION-MAKING	SCHOOL DECISION MAKING
Performance Goals	X	
Curriculum	X	
Professional Development	X	
Data Management and Interim Student Assessments	X	
Grade Level Promotion Criteria	X	
Culture	X	
Budgeting, Finance and Accounting	X	
Student Recruitment		X
School Staff Recruitment and Hiring	X	
HR Services (Payroll, benefits, etc.)	X	

Development	X	
Community Relations		X
Information Technology	X	
Facilities Management		X
Vendor Management/ Procurement	X	
Other Operational Functions	TBD	TBD

3. Organizational Charts for the Network, and school-level organizational charts are attached as **Attachment 10**. Responsibilities of the governing board and teaching staff are included therein.

SECTION II: SCHOOL DESIGN

Education Plan

Curriculum and Instructional Design

CHA's K-12 program prepares traditionally underserved and at-risk students with the academic and life skills necessary to succeed in the 21st Century. The holistic design breaks the cycle of generational poverty by providing (1) high quality and challenging standards-based academic curriculum, complemented by instruction in Spanish and a strong emphasis on technology; (2) on-site mental health and social services, (3) outreach to parents and families and (4) art, music, physical education and extracurricular activities. With the goal of closing the achievement gap, Christel House operates an extended school day (8am-4pm, with extracurricular activities and childcare from 4-6pm) and extended academic year (200 days). Special Saturday remedial instruction is also offered to address deficiencies in language arts/English and mathematics.

Instruction is delivered in a classroom based setting; normal class size is 25-27 students, but may vary as necessary to ensure effective learning is taking place. Technology will be used robustly, but never as a substitute for direct instruction by effective teachers. By 7th grade, all students are issued netbooks, and these form a key component of the instructional strategy.

A highly-defined and articulated academic curriculum is the focus in the primary grades (K-3) to ensure the development of a strong foundation. This curriculum, aligned to Indiana state standards as well as Common Core standards, emphasizes hands-on learning and is supplemented by field trips and guest speakers to address multiple learning styles to make school fun.

At the intermediate level (grades 4-5), students begin to create more project-based work which sets the foundation for authentic school work to occur in the Junior Academy. Much of this is directed by teachers, but key skills are developed by producing high quality work that aligns with Indiana state standards. Camping and/or other outdoor experiences are included to afford this urban student population with opportunities to enhance emotional and social growth as well as build a stronger learning community.

The Junior Academy (grades 6-8) follows a model similar to the intermediate level, focusing on the development of student-driven, project-based learning that is connected to the real world, while aligning with state standards. This curriculum model provides the necessary bridge between the expectations of elementary and high school levels. Junior Academy students continue to enjoy the complementary arts and culture offerings as well as expanded camping and outdoor experiences.

At the high school level, the Expeditionary Learning (EL) format emphasizes "learning by doing," with a particular focus on character growth, teamwork, reflection and literacy. Teachers connect high-quality academic learning to adventure, service and character

development through a variety of student experiences including interdisciplinary, project-based learning expeditions. College prep and global studies, including four years of instruction in math, science, English and language arts, humanities and social studies, are foundational. Foreign language and technology literacy are also stressed as are exploratory elective classes in fine arts, wellness, character education and leadership.

The success of this model at CHA in Indianapolis detailed in this application is sufficient evidence of its effectiveness.

2. CHA employs a “No Excuses” philosophy, expecting every student to do his or her personal best. Experience has taught us that children will rise to meet expectations in the right environment. CHA also uses project-based learning—children learn by doing, rather than being lectured or doing “workbooks.” Frequent assessments drive instruction—teachers are required and coached in data analysis so that they can pinpoint and fill learning gaps. Response to Intervention techniques are used to provide differentiated instruction to meet all students’ needs.

Christel House High School will follow an Expeditionary Learning approach that will reflect state and international standards in the key learning areas described below. Expeditionary Learning extends the experience of Outward Bound, an adventure and service-based program founded by educator Kurt Hahn and based on the work of other educational leaders including John Dewey, Ted Size, Howard Gardner, and Debbie Meier, into public school where students learn to take responsibility to achieve their personal best.

At the heart of the school design is learning expeditions. Expeditions in every tradition and culture are journeys conducted for a definite purpose by individuals employing a range of skills and talents. Learning expeditions are purposeful, intensive and extensive studies of a single topic such as insects, Idaho history, ancient civilizations or injustice. They involve challenging projects, fieldwork and service, and culminate in exhibits, performances and presentations to audiences that go beyond the classroom. Harnessing the power of adventure and discovery, expeditions are intellectual journeys that lead students to become more motivated in their academic work and develop perseverance and self-discipline. These investigations inspire and compel students to learn the skills and content necessary to produce high quality, original work and to do well on standardized tests by which student and school performance are regularly measured.

3. At this time we do not expect any educational features at the network schools to differ from the CHA model.

4. Curriculum scope and sequence is provided as **Attachment 11**.

Pupil Performance Standards

1. CHA's exit standards for graduating students at each level are provided in **Attachment 12**. The CHA educational program includes enhanced national and state-mandated educational objectives, implemented with a strong focus on art, music, life skills & character development. Students participate in service learning projects and are exposed to an internationally focused perspective on the world.

Christel House students will be expected to show mastery in all subject areas. In addition to attaining passing scores on class work, students will be expected to meet minimum expectations on standardized assessments. Acuity testing will be used to assess student progress in meeting state standards relative to graduation requirements - while currently only available in elementary grades and high school mathematics, we expect other subjects to come online shortly. Locally created assessments will track student progress in meeting the adopted curriculum. PSAT scores will further be monitored to track growth.

High School Graduation Requirements

Set forth in **Attachment 12**

School Calendar and Schedule

1. The network schools' calendars will be substantially the same as the calendar of CHA in Indianapolis. A copy of the 2013-14 calendar is included as **Attachment 13**. The school day will begin at 8:00 and conclude at 4:00, with before and after school care available. The school year will contain 180 days minimum, with an additional 20 days provided as remedial and enrichment summer school. **Attachment 13** additionally contains information regarding the number of instructional hours/ minutes daily in core academic subjects.

School Culture

The Network Schools will be maintain a culture and ethos which promotes the delivery of outstanding education to an underserved population. To do this, it will maintain high standards of academic rigor, efficiency and accountability. It will provide students with the academic proficiency necessary for higher education and prepare them to be self-sufficient, contributing members of society.

The Network Schools will maintain an atmosphere of order and structure; discipline will be fairly and consistently administered, in a way that will promote positive student growth, rather than punitive measures. A culture of continuous learning will permeate the school at all levels, and intellectual curiosity will be encouraged and supported.

Common to all Christel Houses around the world are four core values—Respect, Responsibility, Independence and Integrity—which permeate every Christel House school community. As part of this value structure, service learning is a major component and students actively find ways to help those who are less fortunate, locally and around the world.

2. From day-one, students, parents and staff will be exposed to a “No Excuses” philosophy. Taking responsibility for one’s actions, and being accountable for results are key drivers of this philosophy. Students and parents will be treated with respect—and expected to demonstrate respect in return. There is no magic formula to create this culture overnight; it requires continuous reinforcement and ongoing daily attention to maintain and expand—but it is essential to achieving the desired outcomes.

3. For purposes of illustration, a typical kindergarten student, we’ll call her Sue, at one of the Network Schools would begin her day having breakfast in the cafeteria as part of the Free and Reduced School Lunch Program.

When breakfast was finished, Sue would line up with her kindergarten classmates and walk in an orderly fashion to her classroom, where she would be greeted by a smiling teacher, who would call the class to order by first explaining what the students would be learning that day.

Then reading circle would begin. Today the teacher is explaining phonics—the difference between a long “a” sound and a short “a” sound. The class is very participatory, and a few competitions arise to see whether the boys or the girls can identify the most sounds correctly.

After reading circle, the class takes a break. They stand up, stretch, touch their toes and play some mind games—maybe Simon Says—before they begin math. At CH, the most rigorous subject are taught in the mornings at the elementary level, when students are at their best.

In math, the class is learning to count by “fives.” Lots of participation and repetition ensures that all students understand the concepts. Sue falters, and her teacher notices, so she pulls Sue and 3 other students into a small group to work with the Interventionalist, who reviews with them the concepts of number lines, and shows how every fifth number equals counting by fives.

Lunch follows—then recess. The class is tired when they return, and the teacher reads aloud a few pages out of a chapter book they’ve been listening to. Sam, another child at Sue’s table, falls sound asleep during the story. The teacher makes a note to ask the social worker to follow up to see if there are any problems at home that might need attention.

Next the class proceeds to Art, where they are modeling animals out of clay. Following Art is Spanish. Several of Sue’s classmates excel here—and they help Sue when she can’t remember whether Buenos Tardes is Good Afternoon or Good Night!

The day comes to a close, and Sue goes to the after-school program where she will stay until her single mother picks her up when she gets off work. There Sue plays games and chats with her friends over a snack. She's tired by 6:00, but happy. The teachers at Christel House care about her, and help her to learn. If any other kids try to make fun of her or bully her, her teacher is quick to step in to explain why that is not the way to behave. She looks forward to coming back to school the next day.

4. For purposes of illustration, we will call Sue's kindergarten teacher Mrs. Jones. Mrs. Jones arrives at school by 7:30. She doesn't have breakfast duty this morning, so she goes immediately to her classroom, where she posts her lesson plan beside the door so her Principal or mentor teacher can see it.

Mrs. Jones is just in her third year of teaching. She appreciates the feedback from older colleagues, and the collegial atmosphere where everyone has the best interests of the students at heart. Today the curriculum coordinator stops in to observe for 15 minutes during the math lesson. At the end of the day, Mrs. Jones receives a note telling her that the coordinator was pleased with the flow of the lesson, but that there was an additional child who didn't quite "get" counting by fives who would have also benefitted from the pull out session.

Mrs. Jones has lunchroom duty at noon. This is an excellent opportunity for her to interact with students she taught last year. Some of the louder students she reminds to "use your six-inch voice."

While her class is in Art, Mrs. Jones grades a worksheet, carefully making notes on students where concepts have not been mastered. During Spanish, the school's Spanish teacher takes the lead, but Mrs. Jones stays in the classroom to assist.

Once class is dismissed at 4:00, there is a meeting of the teachers in Mrs. Jones "house"—one from first and second grade, in addition to herself. The three talk about what is working and not working in their classrooms, giving suggestions of other strategies that might be effective. At 5:30 she finally loads up her bag with another set of papers to grade before morning, and heads for the door.

Supplemental Programming

1. CHA's Network Schools will offer 4 weeks of summer programming. Two weeks will be dedicated to Language Arts and 2 weeks to Math. Students in need of remediation in either of these subjects are required to attend. Students at grade level or above are invited to attend, and a special enrichment curriculum is provided. About half of the school's students will attend the summer sessions, which run from 8:00 – 4:00, just as the regular school day. Funding for this program is developed by the Christel House International Development team.

2. A variety of sports will be offered at CHA's Network Schools at such time as the school has grown sufficiently to warrant. It is anticipated that soccer, basketball and cross country will flourish.

Private music lessons will be available through collaboration with a local university, and students will pay only a nominal amount for this opportunity. Again, to the extent that funding for these programs is insufficient, the remainder will be developed by the Christel House International Development team.

It is anticipated that co-curricular activities through a collaboration with Camptown will give CHA students the opportunity to interact with nature and experience outdoor activities which would otherwise not be available to them.

3. Providing robust on-site wellness programs is a key component of the Christel House model. Collaborations with mental health providers and a local / regional hospital to staff on-site clinics would be pursued. In addition to the strong focus on character development and values, all schools would have social workers on staff, and a vigorous anti-bullying program.

4. Strategies are addressed above.

Special Populations and At-Risk Students

1. Students who have behavioral, communicational, cognitive, and physical or multiple exceptionalities may have educational needs that cannot be met through regular school practices. These needs may be met through accommodations, and/or an educational programming that is modified by using a formal Individual Education Program Plan. These students are formally identified as special education pupils through a Case Conference procedure, as specified in Indiana Article 6 and the Individuals with Disabilities Education Improvement Act.

Christel House Academy employs special education teachers and contracts with local providers to meet the needs of students with an Individual Education Program Plan (IEP), enrolled at Christel House Academy. The Academy Network is committed to following all state and national laws pertaining to special education students.

The Academy network will work to accommodate English Language Learners (ELL) through specialized ESL programming. All students who speak a first language, other than English, at home are assessed using LAS-Links. From this test, an instructional recommendation level is applied to each student.

All students participate in the core Language Arts program and instructional modifications are made as necessary. Students with a high level of ESL needs are taught in a separate pull out class. Students with minimal ESL needs receive push-in services. Much like Special Education philosophy, staff aims for a least restrictive environment to deliver instruction.

2. The Academy Network special education program is set up on a three tier system.

Level 1 provides instruction and intervention for academic and behavioral concerns in the general education setting.

Level 2 provides targeted intervention through a GEI plan

Level 3 provides intensive instruction through alternative instructional strategies through an individualized educational plan.

Level 1 –

Instructional decisions are based on the accountability measures obtained through frequent progress monitoring toward established goals. Failure of a student to progress at the expected rate of learning establishes the need for intervention through re-teaching, reinforcing what has been taught, and/or remediation of skills that have not been acquired.

- Effective instruction is:
 - developmentally appropriate
 - differentiated instruction
 - evidence-based practices
 - outcome oriented
- Core curriculum
 - evaluating effectiveness
 - Measures of effectiveness: yearly ISTEP, quarterly Acuity, ongoing and frequent
 - Dibels.
 - Universal screening: vision, hearing, academic, behavioral
 - Access to instruction: physical access and mobility, personal communication skills,
- Social acceptance, parent support, equipment, and materials.
 - integrated instruction
 - learning styles; multimodal approach, developmentally sequenced
 - learning environment
 - emotionally supportive
 - clear expectations for success
 - positive behavior practices
 - specific skill development
- Data-based decision making
 - frequent assessment
 - data recording
 - progress monitoring toward core standards
- Early intervention
 - re-teach
 - reinforce
 - remediate
- Response to intervention (RTI)
 - early literacy instruction

- behavior skills instruction and social skills training

Christel House Academy provides these interventions through evaluations, progress monitoring, adjusted grouping, and changing curriculum.

Level 2 –

Students who are not learning at the expected rate will need additional assistance to change their rate of learning through targeted interventions using evidence based strategies, including efforts by teachers to re-teach, reinforce, and remediate and to use alternative strategies as necessary.

At-risk students

- are not progressing at satisfactory rate toward core standards
- require additional time dedicated to instruction
- flexible grouping based on student need and staff expertise
- Targeted interventions: evidence based strategies
- Small group instruction in specific skills
 - re-teach
 - reinforce
 - remediate
 - alternative strategies
- Frequent assessment;
 - data recording
 - progress monitoring
 - data-based decision making

Christel House Academy provides these interventions by

- Parent or school staff member identifies areas of academic, behavioral or social concern. Student is referred to the GEI team and concerns are discussed at the House meeting. The GEI team meets to consider available information and to develop and implement a GEI plan, set review dates and meet as needed during the grading period to monitor progress. The house lead completes GEI forms 2-6 and forwards a copy to the special education coordinator.
- GEI team conducts review of school records including standardized test scores, develop and implement an intervention action plan
- Special Education Coordinator collects vision screening from school nurse, hearing screening from SLP, release of information from community providers, and functional behavior assessment and behavior intervention plan.
- Student is provided remediation from instructional assistant in small group setting.

Level 3 –

Intervention is provided for students who require intensive instruction through alternative instructional strategies and curricula. This intervention can be provided to individual

students or to a small homogeneous group of students through an individualized education plan. Intensive instruction

- significantly more time devoted to specific instruction
- alternative instructional strategies
- alternative curriculum

Individualized

- single student or very small homogeneous group
- identified through an IEP
- instruction provided by strategy specialist

Christel House Academy identification process for special education services:

Referral process:

- A House lead completes GEI process by completing forms 1-7
- Referral forms are completed by special education coordinator
- Parent completes social history form and permission for evaluation form
- Classroom teacher completes teacher report
- Special education coordinator compiles and copies a review of records, including test scores, attendance records, disciplinary records, health records, hearing and vision screenings.

Evaluation process:

- Referral packet is compiled and forwarded to testing agency
- Special education coordinator schedules evaluation with classroom teacher and testing agency
- Testing agency comes to Christel House Academy and evaluates the student
- Evaluation report is sent to the special education coordinator
- A copy of the evaluation report is sent to the parent

Placement process:

- A convenient time is scheduled with the parent to convene a case conference
- A case conference is held and a committee decision is made to see if student qualifies for services.
- If the student qualifies then parent permission is obtained, an IEP is written and services are initiated.

In its existing schools, CH has made adaptations for the needs of special education students which have ranged from external placement for seriously disturbed students to in-home tutoring to a variety of adjustments to course and sequence through IEP's. In terms of graduation, however, CHA offers only a college preparatory diploma. If a special education student is unable to complete the requirements for this diploma, he/she will receive a certificate of completion.

3. There are many ways to identify students in need of language services. The initial identification process consists of the following:

Home Language Survey: When any child is enrolled in the school for the first time, parents complete a home language survey. If the survey indicates a language other than English, the student must be referred for language proficiency testing. All students will have a Home Language Survey on file and kept with the students' permanent records.

All students with a primary language other than English will be assessed for English Language Proficiency. English proficiency assessment includes listening, speaking, reading and writing. English testing and program placement must occur within the first four weeks of school. Kindergarten and first grade students with home language surveys indicating a language other than English will be assessed using only the oral proficiency test. Second graders and above will be tested for both oral and written English proficiency.

CHA's School Network, in compliance with all federal requirements and Title VI of the Civil Rights Act, *will not* exclude students on the grounds of race, color, or national origin or deny those benefits of any program or activity.

All students will be grouped in houses that are heterogeneous with respect to language background, native language proficiency, and English proficiency. Students will be together for the duration of their stay in an academy. Students from varying language backgrounds are not segregated from one another; they will learn with and from one another. Students with different language backgrounds will work together during morning meeting, music, art, and physical fitness. In general, all students will learn together when high levels of English-language proficiency are not required. Appropriate groupings for English-language reading, writing, and language arts, as well as mathematics and other core subjects will be established according to the results of a balanced set of formal and informal measures. Students from varying language backgrounds will receive the same academic content as those students who are native English speakers. Whether teaching will involve Specially Designed Academic Instruction in English or SDAIE (also referred to as Sheltered English) or the student's native language, the subject matter remains the same. Time commitments will also be essentially the same. All students will receive a minimum of two and a half hours of reading and language arts instruction daily in English and a second language.

CHA's School Network will not lower the standards or expectations for ELL students, including exiting from ELL services. Students must demonstrate the same proficiency

required of non-ELL students.

4. CHA's School Network is built on the premise of identifying student learning gaps and closing them before they have a chance to widen and significantly derail the learning experience. Frequent assessments and extensive data analysis of the results is key to effectively accomplishing this. DIBELS, Acuity, and similar assessment instruments are regularly administered.

5. CHA's School Network will identify and monitor the progress of gifted students in the same manner it identifies students who are falling behind. They will be challenged with additional enrichment activities, and encouraged to exercise their intellectual curiosity. Because the Network's expectations and hiring standards for teachers are extraordinarily high, all teachers will be qualified to instruct intellectually gifted students.

Student Recruitment and Enrollment

To ensure strong demand, CHA Network Schools will engage in considerable enrollment outreach activities.

- 1) Social media will be utilized to attract attention the development of the schools
- 2) Print media, such as Billboards, will be used in mostly low income areas to draw attention to the development of the schools and will provide enrollment information in the general catchment area.
- 3) A special website will be developed early, to develop broad interest in the development of the schools
- 4) CHA will employ a community outreach coordinator, who will attend community based events and programs.

Careful attention has been paid to the IFF Quality Schools: Every Child, Every School, Every Neighborhood report.

<http://www.iff.org/resources/content/2/8/documents/IFF%20Quality%20Schools%20Study-DC%20Final.pdf>

The data from this report has helped to identify the most appropriate location for a school seeking to work with underserved and impoverished youth.

2. Included as **Attachment 14** is a draft Enrollment Policy for the Network Schools. While it is unlikely, it is possible that some adaptation would be required for the Network Schools to be located in Gary.

Student Discipline

Teaching and learning can only occur in an orderly environment. At Christel House Academy, the purpose of the school's discipline program is to provide direction, set limits,

and promote self-discipline; thereby creating a learning environment that is neither permissive nor oppressive. By maintaining a disciplined environment in which expectations are clearly stated, students are allowed to develop skills necessary to function efficiently within a community.

Students are expected to behave in a manner that is acceptable to everyone concerned—other students, teachers, administrators, and society in general. All students have the responsibility to respect the rights of teachers, students, administrators, and all others involved in the educational process. In serious disciplinary cases, students may be suspended from school for an extended period of time, in accordance with state laws and regulations. The term of each suspension is at the discretion of the administration. Expulsion may result from one major infraction or repetitive minor infractions. All recommendations for expulsion will be presented to the Board.

Christel House Academy will comply with Indiana School Code and other applicable Indiana and federal statutes pertaining to student discipline policies and school safety. Therefore, the school will fully comply with due process requirements involving expulsion of students.

2. The CHA Network Schools' Discipline Policy is included as **Attachment 15**.

PARENTS AND COMMUNITY

1. A list of school options in Gary Indiana follows:

<u>21ST CENTURY CHARTER SCHOOL OF GARY</u> students	DOE RATING: C Charter/ K-12; 360
<u>AMBASSADOR ACADEMY</u>	DOE RATING: NONE Private/ K-10
<u>ASPIRE CHARTER ACADEMY</u> students	DOE RATING: F Charter/ K-6; 494
<u>BAILLY ELEMENTARY SCHOOL</u> students	DOE RATING: F Public/ K-6; 614
<u>BAILLY MIDDLE SCHOOL</u>	DOE RATING: F Public/ 7-8
<u>BENJAMIN BANNEKER ELEMENTARY SCHOOL</u> students	DOE RATING: A Public / K-8; 609
<u>BEVERIDGE ELEMENTARY SCHOOL</u>	DOE RATING: F Public/ K-6; 603

students

BRUNSWICK ELEMENTARY SCHOOL

students

DOE RATING: F Public/ K-6; 653

CALUMET HIGH SCHOOL

students

DOE RATING: F Public/ 9-12; 621

CHARTER SCHOOL OF THE DUNES

students

DOE RATING: F Charter/ K-8; 342

CHASE ALTERNATIVE SCHOOL

DOE RATING: NONE Public

CHRIST BAPTIST CHRISTIAN ACADEMY

students

DOE RATING: NONE Private/ PK-8; 146

DANIEL HALE WILLIAMS ELEMENTARY SCHOOL

students

DOE RATING: C Public/ k-6; 507

DANIEL WEBSTER ELEMENTARY SCHOOL

students

DOE RATING: D Public' K-6' 408

DR BERNARD C WATSON ACADEMY FOR BOYS

students

DOE RATING: F Public/ K-6; 194

DUNBAR-PULASKI MIDDLE SCHOOL

DOE RATING: F Public/ 7-8

EMERSON VPA SCHOOL

students

DOE RATING: D Public/ 6-12; 486

ERNIE PYLE ELEMENTARY SCHOOL

DOE RATING: F Public/ 5-6

FRANKIE W MCCULLOUGH ACADEMY FOR GIRL

students

DOE RATING: B Public/ K-6; 331

GARY CAREER CENTER SCHOOL

DOE RATING: NONE Public/ 9-12

GARY LIGHTHOUSE CHARTER SCHOOL

students

DOE RATING: D Charter/ K-9; 648

<u>GLEN PARK ACADEMY FOR EXCELLENCE</u>	DOE RATING: F Public/ K-6; 665 students
<u>GRISSOM ELEMENTARY SCHOOL</u> students	DOE RATING: F Public/ K-5; 318
<u>HOSFORD PARK ELEMENTARY SCHOOL</u> students	DOE RATING: D Public/ K-5; 288
<u>IVANHOE ELEMENTARY SCHOOL</u>	DOE RATING: F Public/ K-4
<u>JACQUES MARQUETTE ELEMENTARY SCHOOL</u> students	DOE RATING: D Public/ K-6; 718
<u>JEFFERSON ELEMENTARY SCHOOL</u> students	DOE RATING: F Public/ K-6; 699
<u>JOHN H VOHR ELEMENTARY SCHOOL</u>	DOE RATING: F Public/ K-6
<u>KIPP LEAD HIGH SCHOOL</u>	DOE RATING: F Charter/ 5-8; 310 students
<u>KUNY ELEMENTARY SCHOOL</u>	DOE RATING: F Public/ K-4
<u>LAKE RIDGE MIDDLE SCHOOL</u> students	DOE RATING: F Public/ 6-8; 490
<u>LEW WALLACE HIGH SCHOOL</u> students	DOE RATING: F Public/ 7-12; 1,223
<u>LINCOLN ACHIEVEMENT CENTER SCHOOL</u>	DOE RATING: NONE Public
<u>LONGFELLOW ELEMENTARY SCHOOL</u>	DOE RATING: C Public/ K-5
<u>THEA BOWMAN LEADERSHIP ACADEMY</u> students	DOE RATING: D Charter/ K-12; 1450
<u>THEODORE ROOSEVELT HIGH SCHOOL</u> students	DOE RATING: F Public/ 7-12; 1,587
<u>WEST GARY LIGHTHOUSE SCHOOL</u>	DOE RATING: F Charter/ K-8; 549 students

WEST SIDE HIGH SCHOOL

DOE RATING: F Public/ 7-12; 1,798 students

2. Gary Community School Corp has an enrollment of nearly 12,000 students with over 80% of these students living in poverty (using federal free and reduced lunch data). Nearly all of the school corporation's achievement data falls below state averages. However, for the last 7 years, achievement of non-free/reduced lunch students in Gary has significantly outperformed their free/reduced lunch peers. This is of particular interest to Christel House, whose approach is to offer curriculum and programming designed to offset the factors that hinder low-income students from performing at pace with their paid lunch peers. Christel House's free/reduced lunch students routinely perform at-pace (and sometimes higher) than their paid lunch peers.

According to the Indiana Department of Education's web site, there are many Gary students annually falling through the cracks and dropping out. Those students are now members of the community with few options in the workforce. The graduation rate for Gary Community Schools has shifted over the past few years. In 2009 there was a 59.7% graduation rate. In 2010 it increased to 70%. It dropped in 2011 to 67.5% and in 2012 decreased yet again to 60.2%.

Wishing to become a partner in Gary's education reform movement, Christel House will, after receiving authorization to charter outside Indianapolis, start dialogue with community leaders to determine strategies for partnerships in specific areas related to under-performing low income students in traditional K-12 schools, and engagement of 'drop outs' over the age of 18. The ability to maintain a focus within Christel House's strategic mission is vitally important to the organization.

At this point, Christel House has intentionally decided to allow for a flexible timeline pertaining to the establishment of the charter school(s). The following would be strategic priorities for Christel House's leadership team after being granted authority to charter within the Gary community:

1. Establish a grass roots parent outreach program, to identify 'pockets' within the community desiring increased parental choices for public education. This outreach program will eventually lead to an establishment of a parent advisory committee.
2. Establish consistent dialogue with educational leaders in the city, particularly at the central office level in Gary, to explore the possibility of strategic partnerships. Emphasis will be on creating collaborative partnerships that bring increased value to the entire educational community.
3. Meet with Gary city leadership staff, including Mayor Karen Freeman-Wilson, to determine the viability of Christel House Academy campus(es) within the City of Gary. Particular attention will be paid to economic implications and accessibility of

property for development, rehabilitation or re-purposing.

3. Christel House Academy will encourage parents to take an active role in supporting the philosophy and policies of the school. Children stand to succeed more when parents take an active interest in their education and are supportive of the school. Parents willing to volunteer their services will be encouraged to help in a variety of extra-curricular activities, additional services and opportunities outside the academic programs that will enhance the development and growth of the students.

Christel House Academy's administration will involve parents and the community in ways designed to complement the school's educational model. Parents will be actively encouraged to reinforce positive behavior conducive to academic learning. The school will survey parent satisfaction through an annual "customer service" survey. This survey will gauge the degree to which parents feel their child is receiving an excellent education. Results of the survey will be published in the school's annual report.

Ongoing, regular communication with parents and the community will inform Christel House Academy's administration of issues and concerns. This will enable the school to take proactive steps. Methods of communication with parents may include informative Friday folders, comprehensive review packets on all essential material covered, monthly calendars distributed to parents, Special Assemblies, end of the year and graduation celebrations. In addition, open meetings, special events and adult evening classes may be open to the community at large.

CHA Network Schools will support the establishment of a Parent Teacher Organization (PTO). The PTO is a formal, but separate, organization that consists of parents, teachers and school staff. The organization's goals include volunteerism of parents, encouragement of teachers and students, community involvement, and welfare of students and families.

4. We believe that "it takes a village to raise a child." School-family-community partnerships now include mothers and fathers, stepparents, grandparents, foster parents, other relatives and caregivers, business leaders and community groups—all participating in goal-oriented activities, at all grade levels, linked to student achievement and school success.

Special effort will be made to establish community partnerships with the following:

- Local health services, including mental health providers, in the close geographic proximities to the new location.
- Community Centers that serve areas near the school and areas where concentrations of the new families liveLocal law enforcement commanders
- Community Development groups and Neighborhood Outreach groups

- Local colleges and further education institutions
- Nearby churches and civic groups

In another class of community partnerships are:

- Banks and financial institutions with interests in the schools' neighborhoods
- Local retail establishments
- Major employers in the area

A Community Outreach Coordinator is being employed at Christel House Academy during the next academic year. His/her responsibilities will include early establishment of these relationship and forums for community leadership to participate and engage school officials.

5. At this point in the development of CHA's Network School Expansion Plan, support from community partners in Gary has not yet been developed; therefore, **Attachment 16** has been intentionally left blank.

PERFORMANCE MANAGEMENT

1. Every Christel House around the world sets goals and measures in connection with a standardized business planning process. The Business Plan is submitted to the Board and Christel House International at least 90 days before the beginning of the next academic year, and a final closeout report detailing results achieved toward each goal must be submitted within 30 days of the close of the academic year.

2. Formative assessments are part of the instructional process. They are incorporated into classroom practice, to provide the information needed to adjust teaching and learning. In this sense, formative assessment informs both teachers and students about student understanding at a point when timely adjustments can be made. These adjustments help to ensure students achieve targeted standards-based learning goals within a set time frame. Formative assessment strategies appear in a variety of formats and teachers are the primary driver of these assessments. These assessments are controlled by the teacher and the timing is driven by the content being delivered.

Summative assessments are given periodically to determine at a particular point in time what students know and do not know. Dibbles and Acuity are summative assessments used as accountability measures, as well as a tool for feedback to students, parents and educators.

3. CHA's success is attributed in large measure to its data-driven instruction model. Significant professional development is dedicated to this topic, and all teachers are held

accountable for the progress of their individual students. The schools' Principals will be primarily responsible for overseeing the collection, interpretation and utilization of data, under the supervision of the network's Chief Academic Officer.

4. Student Performance Data will be stored in the ARK Student Information Service; the schools' Principals have primary responsibility for data-driven instruction. A Technology Manager will be responsible for systems storage, and teachers will be responsible for collection and analysis of data.

5. CHA Network Schools will schedule 10 days of professional development annually for teachers. Because this accountability measure drives the calculation of performance bonuses paid, teachers are highly incentivized to understand, apply and implement their learning from these training sessions. Specific professional development curricula will be developed based on the needs of the Network Schools' staff when hired.

6. If a CHA Network School falls short of academic expectations, an extensive analysis of the causes of the deficiencies would be undertaken by the Chief Academic Officer. Leadership would be carefully scrutinized, as would individual teachers and the performance of their individual students. Once the causal factors were identified, appropriate changes would be made and a school improvement plan would be documented and rigorously implemented.

SECTION III

IMPLEMENTATION PLAN

Human Capital

Network-wide Staffing	2014	2015	2016	2017	2018
Number of elementary schools	2	2	3	3	4
Number of middle schools	0	0	0	0	0
Number of high schools	2	3	3	4	4
Total schools	4	5	6	7	8
Student enrollment	1000	1150	1300	1450	1700
Management Organization Positions					
	2014	2015	2016	2017	2018
[Specify all positions					
Chief Academic Officer	1	1	1	1	1
Business/Finacial Director	1	1	1	1	1
Business/ Financial Assistant 1	1	1	1	1	1
Business/ Financial Assistant 2		1	1	2	2
Assistant to CAO	1	1	1	1	1
Total back-office FTEs	4	5	5	6	6
Elementary School Staff					
	2014	2015	2016	2017	2018
Principals	2	2	3	3	4
Assistant Principals	0	0	0	0	0
Classroom Teachers (Core Subjects)	30	32	45	48	62
Classroom Teachers (Specials)	4	4	6	6	8
Student Support Position 1 [e.g, Social Worker)	2	2	3	3	4
Student Support Position 2		1	1	1	2
Specialized School Staff 1 [Librarian]	2	2	3	3	4
Specialized School Staff 2 [specify]					
Teacher Aides and Assistants	15	17	23	25	31
School Operations Support Staff (Contracted)					
Total FTEs at elementary schools	55	60	84	89	115

High School Staff (7-12)	2014	2015	2016	2017	2018
Principals	2	3	3	4	4
Deans	2	3	3	4	4
Classroom Teachers (Core Subjects)	12	24	26	38	42
Classroom Teachers (Specials)	3	4	4	5	5
Student Support Position 1 [e.g, Social Worker)	4	6	6	8	8
Student Support Position 2 (Technology)	2	3	3	4	4
Specialized School Staff 1 [Resource Specialists]	3	6	6	9	9
Specialized School Staff 2 [specify]					
Teacher Aides and Assistants	4	6	6	8	8
School Operations Support Staff					
Total FTEs at high schools	32	55	57	80	84
Total Network FTEs	91	120	146	175	205

School Leadership and Staff Hiring, Management and Evaluation

To accomplish the expansion of its network and replication of its model, Christel House will implement a “Principal-In-Training” program in order to thoroughly orient new school leaders to the philosophies, expectations and methodologies of the organization. No single source will be depended upon to provide Principal-In-Training candidates. In addition to the Teach For America Indianapolis School Leadership Initiative, CHA relies on Columbia University’s Summer Principals’ Academy (SPA) program in New York. This program has now expanded to include a second center in New Orleans, hosted by Cowen Center at Tulane University. Both of these programs produce significantly more pre-service principals that the ones funded by the Indianapolis School Leadership Initiative. SPA continues to be an avenue to identify new leadership. Additionally the Woodrow Wilson Teaching Fellowship program is developing a highly innovative transition to school leadership program. Christel House Academy’s Network Director and Chief Academic Officer is connected to both of these programs and both offer a pipeline for future principals. Additionally, Chicago (and in fact the State of Illinois) is forecasting continued budget shortfalls in State revenues. Programs such as “New Leaders for New Schools” operates in Chicago. Connecting with displaced leadership will be a priority, in an effort to lure prospective principals and teachers into Indiana.

In addition to shadowing the current school leadership and Christel House International senior management, Christel House new school leaders will also pursue academic coursework through a university program yet to be determined. This course work will be a combination of both education and business, to firmly ground our prospective school leaders in both disciplines. It is anticipated that the Principal-In-Training program will last 12 – 18 months, during which the new school leader will also be engaged in certain start-up activities to ensure the successful opening of his/ her Network expansion charter school.

Mr. Carey Dahncke, CHA's Principal and Chief Academic Officer, will spearhead the Principal-in-Training program, and all future academic leaders for Christel House will shadow him closely, so that they will be able to replicate the ethos and environment he has so successfully inculcated at Christel House Academy / Indianapolis. Mr. Dahncke has served as Principal of CHA since 2006, and during his tenure the school's ISTEP scores have improved by 25.4 percentage points. His thoughtful problem-solving skills, knowledge of educational best practices, and ability to empower and motivate his faculty and staff to excel are some of the key drivers of his success, and those we hope he will be able to convey to future Christel House school leaders. Principal Dahncke will have responsibility for screening, interviewing and hiring the best prospective school leaders for the Principal-In-Training program. Each Principal-In-Training will be hired 12 – 18 months prior to the scheduled opening date of his/ her network expansion school opening. It is expected that the per-principal cost of the PIT program will be \$100,000, including benefits.

Also involved in the network expansion will be Joseph P. Schneider, Senior Vice President and Chief Financial Officer of Christel House International. Principals-In-Training will shadow Mr. Schneider for some period of time to gain a thorough understanding of the Policies and Operations Manual ("POM") as it applies to charter school operations, and to become solidly grounded in the business disciplines by which Christel House operates.

2. The faculty at every Christel House school is the most important resource in achieving the school's educational goals. Therefore, utmost care and attention is given to the process of recruiting, screening, interviewing and hiring of all staff. Teaching and administrative staff members will be selected on the basis of specific requirements of each position and all hiring decisions will be made in compliance with local, state and federal employment practices.

All administrators and teachers will be required to hold a four-year university degree and be considered highly qualified by the Indiana Department of Education, or be engaged in an official transition program to ensure proper licensing. Network expansion schools

will comply with Indiana law regarding minimum requirements for teaching/instructional staff and ensure proper certification is on file.

Other important criteria include:

1. Excellent subject knowledge;
2. Enthusiasm for teaching & learning;
3. A 'Whatever It Takes' approach to ensuring students learn;
4. Creativity and/or an innovative spirit in education;
5. Clearly defined preparation or preparation plan for active teaching pedagogy.

Christel House will utilize a variety of sources to help identify teaching talent, including but not limited to: Teach for America; The Indianapolis Teaching Fellows; University of Indianapolis iLead program and University of Indianapolis CELL.

CHA will conduct background checks on all potential employees, as required by law. All employees at Christel House Academy will be "employees at will." The employer or the employee may terminate the employment relationship at any time, with or without notice.

3. Staff at CHA Network Schools are organized in "houses," which identifies a multi-grade level group of teachers who work together for the success of all the students in the house. This allows flexibility for students struggling with a concept to re-learn that material in another teacher's classroom. It also creates strong mentoring relationships between skilled and experienced "master teachers" and younger teachers who are still learning best practices. Also supporting excellence in the classroom is regular classroom observation and feedback from the Principal, and a variety of teaching peers for every teacher.

4. Every school leader and every teacher will be evaluated annually by rigorous performance metrics developed specifically for him/ her. The Principal is responsible for teacher evaluations; the Chief Academic Officer evaluates Principals. Metrics also drive calculation of bonus payment to teaching staff. Factors such as the following are considered:

- Student growth in Acuity and/or DIBLES
- School's grade per IDOE
- ISTEP scores
- Students moving into Pass+ on ISTEP
- Additional responsibilities undertaken

5. Unsatisfactory performance at any level of the CHA organization is unacceptable, and terminations will take place if performance cannot be improved through a clear and measurable performance plan.

6. Teachers are paid a competitive salary, based on the market compensation rate. Each year in the budgeting process, a collection of nearby schools are selected to develop a market range for teachers at various levels of experience. These then become the target pay ranges for the academic year. Within these ranges, salary increases are applied to individual teachers. Teachers are encouraged to develop a portfolio, to help communicate their relative value to the organization.

In addition to a base salary, teachers frequently have opportunities to earn additional compensation by taking on additional responsibilities to coordinate subjects, coach sports, run after school clubs, tutor students, and take on teacher leadership roles. At the end of each academic year, teachers also earn bonuses based on accomplishments and student performance.

Christel House Academy participated in the Indiana Charter School Health Care Consortium several years ago. The Academy has been grandfathered into certain terms and is able to offer a very attractive collection of plans:

- An Advantage HMO Plan that emphasizes health and wellness, to promote healthy lifestyles and improved health outcomes, while managing medical costs. The HMO Plan includes primary care physicians from a broad network of Physician Hospital Organizations (PHOs). With this plan, there is no deductible to meet - only nominal co-pay. As an option, the ADVANTAGE HDP offers employees the flexibility of a traditional insurance plan, but with cost containment features of a managed care plan. Employees can go to most in-network specialists without a PCP referral, but must meet a high deductible. In both plans, disease management and complex case management are included without additional cost.
- Metlife Dental insurance provides coverage in a national network of approximately 90,000 dentists' locations. Unlike many managed dental benefit programs, members have the freedom of selecting any dentist they want whether the dentist is in or out-of-network.
- Employee & immediate family members are eligible for free assistance with an Employee Assistance Program. The program is intended to help employees deal with personal problems that might adversely affect their work performance, health, and well-being. The EAP generally includes assessment, short-term counseling and referral services for employees and their household members.

- Life and AD&D for employees is paid by Christel House Academy for one time the base salary. Additional insurance, up to 5 times the base salary, is available for purchase at the group rate. Children and spouse plans are also available.
- Christel House Academy pays 100% of the Short Term and Long Term Disability for all employees.
- Employees may participate in a Flexible Spending Account program where certain medical out-of-pocket costs and day care expenses may be taken out of paycheck on a pre-tax basis, and reimbursed to employee.
- Christel House Academy participates in the Indiana Teachers' Retirement Fund--the statewide pension plan for Indiana teachers. In addition to the state guaranteed pension plan, Christel House Academy staff have access to an employer sponsored 403(b) plan with ING North America. TFG Financial Group, an ING Financial Partner, manages the ING 403(b) plan for Christel House. ING, Internationale Nederlanden Groep N.V., is a Dutch banking and insurance conglomerate based in Amsterdam, Netherlands.

Professional Development

1. Every year to 18 months, Christel House International holds a week of global meetings for its leadership from around the world. Principals share best practices and new approaches to common problems. They build consensus and a shared vision of how to best accomplish our mission. Topics for these meetings are carefully selected based on current needs at our schools, and range from character development programs, to the best methods of sex education, to career planning and preparation. School leadership has input on topics and often shares in presentation responsibility.

The Chief Academic Officer likewise will closely mentor all Principals, and continue to foster their development, just as he did during the Principal-In-Training process.

2. Prior to opening of each Network School, a minimum of two weeks' professional staff development will take place. This will focus on team building and the Christel House "ethos" desired at the school. It will also cover important philosophical approaches as well as processes and procedures to which everyone will be held accountable.

3. Ten days of professional development are provided for each teaching staff member within the school year. Some of these days involve all teachers; others are structured for small groups to cover a very specific topic. When less than the full staff is involved in Professional Development, qualified substitute teachers are secured so that learning in the classroom will continue. When the Principal evaluates data from interim

assessments, and identifies an area of instructional weakness, he/ she will work closely with the Chief Academic Officer to develop a plan to address this shortfall through the school's Professional Development offerings.

START-UP & OPERATIONS

A detailed Start-Up Plan for the first replication Network school is provided as **Attachment 17**. For subsequent school openings, the same processes will be followed, and only the dates and responsible individuals will change.

The Start-Up Staffing and Costs Workbook is provided as **Attachment 19**.

CHA Network Schools will provide student transportation from designated pick up points—not door-door service. Transportation services will be contracted from a qualified provider, which will also be used for field trips and athletic events. The schools will take all necessary steps as required by law to assist homeless students and/ or students with disabilities.

Maintaining safety and security of CHA Network Schools is of paramount importance. The following Emergency and Safety Procedures will be in place at each school:

A crisis management plan is reviewed each year with all staff. Staff, in cooperation with the principal, is responsible for the implementation of any needed procedures related to a crisis in the school building.

Accidents

All children experience minor scrapes and bruises. The school nurse maintains a log of all children seen on a daily basis. For more serious incidents, an Accident Report Form is completed and maintained by the school nurse. Instances of serious accidents may include some or all of the following procedures:

1. The school nurse or a staff member carries out immediate first aid.
2. A staff member contacts the parents to pick up the student for medical care.
3. In cases where the parents or the designated emergency persons cannot be reached, or where immediate medical attention is needed, the school calls a local emergency unit for treatment and/or transportation to a hospital. A staff member accompanies the student and stays until the parent arrives.
4. In cases of extreme emergency, staff may contact the local emergency unit before calling the parent.

Child Abuse Protocol

Indiana law requires immediate reporting of suspected child abuse to authorities and to the appropriate individual in charge of the school. Failure to do so is a violation of the law.

School policy prevents CHA staff from divulging details of any CPS reporting to families while there is an active investigation. Questions regarding any child abuse concerns or reporting concerns should be directed to the school Social Worker or Principal.

Emergency Cards

Parents of all students are required to fill out a set of two emergency cards. Most information is kept electronically in ARK, but the emergency cards provide a backup if the computer system is inoperable.

In emergency situations, the school calls the numbers listed on the card. **It is essential that parents update the School Secretary if their address, phone number, or emergency contact person changes.**

Fire and Inclement Weather Drills

Fire drills are conducted on a regular basis. Fire exit directions and procedures are posted in all rooms and teachers review fire exit procedures with students on a regular basis.

In the event of a fire, everyone is evacuated from the building immediately. If students are unable to return to the building because of smoke or fire conditions, the school follows emergency evacuation procedures. **PARENTS ARE NOT TO REMOVE CHILDREN FROM LINES OR GROUPS WITHOUT SEEKING PERMISSION TO DO SO FROM THE INCIDENT OFFICER OR PRINCIPAL.** It is imperative that teachers and school staff be able to keep track of students during drills and actual emergencies.

Inclement weather drills are conducted each semester. Procedures are reviewed by teachers, and practiced by children. Exit directions and procedures are posted in all rooms.

Parent Visitation Policy

All parents must report to the office before visiting any part of the school. Parents wishing to visit the classrooms are strongly encouraged to call ahead and coordinate the visit with the classroom teacher.

Parents are allowed to observe their child's classrooms, except when the students are testing. When observing, parents must not interfere or interact with the teacher or students while instruction is occurring. Visitors who are disruptive, will be asked to leave the classroom and or school.

Parents wishing to volunteer in the school must complete a volunteer application form and pre-arrange visits with the teacher(s).

Registered sex offenders are not allowed to visit the school or school grounds, even if their child attends the school.
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All visitors must check-in at the school secretary's desk with a government issued photo ID (such as a driver's license). The ID will be used to verify identify and check against the National Sex Offender's Database.

The school principal has final authority on approving or denying any visitations or volunteers.

The CHA Network Schools will maintain insurance coverage sufficient to cover their obligation to indemnify the Indiana Charter School Board, the Indiana Department of Education, related entities and their respective members, officers, employees officials and agents. Liability policies will also name the ICSB and IDOE as Additional Insureds. Provided as **Attachment 18** is an estimate from an insurance broker for Insurance that aligns with the ICSB requirements.

FACILITY PLAN

1 .CHA is still in the evaluation stages of Facilities Planning; however to expand and replicate the Christel House network, our strategy will be first to explore and exhaust available school facilities currently unutilized by the Gary Community School Corporation. Because a charter is necessary in order to pursue discussions regarding the lease or purchase of any unutilized facility, serious exploration of possible future locations cannot commence until charters are secured from the ICSB. The timing and willingness of the Gary school district to engage in these discussions is beyond our control; therefore backup facility plans and strategies will be developed. In the event an acceptable facility is not available through the Gary school district, CHA will explore the options for taking over a struggling charter school's facility, and/or engaging in discussions with the City of Gary to identify potential municipal properties that could be made available cost-effectively.

The initial review of possible sites will begin with a Goggle Earth review of the surrounding areas, together with an analysis of poverty levels, demographics, and crime statistics, as well as ISTEP performance and IDOE ratings of surrounding schools, to identify the areas of highest need. CHA will utilize Deb Kunce, Core Planning Strategies, as a Construction Consultant. She served in this capacity on the most recent expansion of the CHA facility in Indianapolis, and proved extremely valuable. Deb will provide input regarding the potential cost of refurbishment, and ensure compliance with all state and local health and safety requirements for a school facility, as required by the State Department of Health, State Fire Marshall, Department of Public Works and corresponding local agencies. Once a facility is selected, Deb will act as the Owner's Representative in selecting the contractor(s) for refurbishment work, supervising the performance of the work, and liaising with appropriate governmental agencies to address compliance issues.

CHA has experience in facilities management and costs thereof both from the operation of the Indianapolis school, as well as those located internationally. Because charters receive no government facilities funding, the identification of cost effective facilities is essential to the implementation of the Network Expansion Plan.

Once an acceptable location is identified for the first Network Expansion School, and discussions with the Gary Community Schools successfully concluded, work on readying the facility for opening will commence. This will include thorough inspection of all structural, mechanical, electrical and plumbing elements, and repair or replacement of any items found to be defective. It will also include thorough cleaning of the facility, and any necessary cosmetic improvements, such as repainting, or replacement of flooring, light fixtures, handrails, and similar items. Finally, new furnishings for the facility will be need to be ordered and assembled in time for the opening of grades K-2 in August 2015.

2. CHA's facility planning, as described above, has not yet reached this level of specificity.

3. In the event discussions with Gary Community Schools to acquire one or more of its unutilized facilities cannot be successfully concluded on a timeline to accommodate the successful opening of the planned Network Expansion Schools, alternative locations—either temporary or permanent—will be explored. Alternatively, if cost effective facilities cannot be secured in Gary, CHA will begin exploration of other high-needs communities where facilities may be more readily available. If these facilities are not available, and acceptable alternatives cannot be identified, CHA will not move forward with expansion, as financial sustainability could not be assured.

BUDGET AND FINANCE

1. CHA's financial management is under the direction of Joe Schneider, Senior Vice President, Chief Financial Officer and Treasurer of Christel House International. He is responsible for the financial oversight of the global network of schools. Assisting him with the CHA Network will be Becky Hawkins, Controller, Christel House International, and Diana Woodworth, Bookkeeper, CH International. Together they have 17 years' experience with Christel House, and each has more than 30 years' experience working in the finance sector. This team will oversee the work of the CHA Finance and Business Manager. Currently, we are undertaking a search for the individual to assume these responsibilities, as the prior staff member was not performing to our standards in this role. With additional schools contemplated, the importance of competency in this role could not be underestimated. It is anticipated the new staff member will be hired within the next 30 days, and be well versed in all CHA finance matters well before the opening of the first Network Expansion School.

2. Included at **Attachment 19** is a Five-Year Pro-Forma budget for the CHA Network, as well as a pro-forma budget for a single K-12 school. It is anticipated that all K-12 charters' budgets and staffing models will be very similar, and therefore only one school's budget has been provided. However, the Staffing Workbook Template

provided at the beginning of this Section III has been completed contemplating the full network.

3. **Attachment 20** contains the budget summary and assumptions used for arriving at cost and revenue projections, as well as contingency plans in the event revenue shortfalls are experienced.

SECTION IV: INNOVATION

**THIS SECTION INTENTIONALLY LEFT BLANK. PROPOSED
SCHOOLS ARE REPLICATION OF EXISTING
CHRISTEL HOUSE ACADEMY MODEL**

SECTION V

PORTFOLIO REVIEW & PERFORMANCE RECORD

1. **Attachment 21** provides a summary of CHA Network schools, which to date include Christel House Academy and Christel House DORS. The latter has not completed its first full year of operation; therefore assessment and graduation data is not available.

2. Since 2002, Christel House Academy (CHA) has been an agent of transformation for traditionally underserved and at-risk students in Indianapolis. CHA pursues its mission of breaking the generational cycle of poverty by providing young people with the academic and life skills necessary to achieve success in the 21st Century. With robust programs and services, CHA is rapidly closing the achievement gap for students who would otherwise be disenfranchised within the conventional academic setting. CHA's program works by providing (1) high quality and challenging academic curriculum; (2) on-site mental health and social services, (3) outreach to parents and families and (4) art, music and extracurricular activities.

Christel House Academy (CHA) received its charter from the Mayor of Indianapolis' Office in 2001 and opened in August 2002 providing instruction to students in grades K-4, adding an additional grade each year thereafter. CHA amended its original charter in 2009 to include grades 9-12.

CHA has one of the most diverse student populations among Indiana's charters: 35% Hispanic, 30% Caucasian, 25% African-American and 10% multi-racial. Its free and reduced lunch rate is 92%; 30% of students speak English as a second language and 16% qualify for special education services. Additionally, a growing percentage of students are being raised by relatives as a result of parental incarceration, substance abuse or immigration issues.

Internal assessments demonstrate CHA students continue to make great strides academically. CHA was the lowest performing school in the State of Indiana on the 2002 ISTEP+ exam, with only 22% of 3rd grades passing the math portion and 41% passing language arts. The percentage of students passing both language arts and math was a dismal 28.4%. With a focus on improving instructional quality, student attendance and retention, ISTEP+ results have steadily improved over the past nine years.

In 2008-2009, CHA's average ISTEP+ pass rate was 74.3%, with 73.6% of students passing language arts and 74.9% passing math. The school met AYP in 27 reportable categories, received Indiana Department of Education's "Exemplary" rating for the third consecutive year, was designated as a Title 1 High Performing School, and Mr. Carey Dahncke was named a Distinguished Title I Principal.

In 2009-2010, CHA's students outperformed the Indiana state average ISTEP+ score with a 79.895% pass rate. Students scored an 81.1% pass rate in language arts and 78.69% in math. The school met AYP in 29 reportable categories (one of only a very small number of schools in the State of Indiana measured so aggressively) and again received IDOE's "Exemplary" rating. In April 2009, Indiana State Superintendent of Public Instruction Tony Bennett recognized CHA as a Title 1 school that is "defying conventional wisdom." Referring to Hosford Park Elementary (Gary, IN), Lakeside Elementary (Indianapolis) and Christel House Academy, Bennett said, "These are examples of three schools – two traditional public schools and a public charter school – that are facing all the challenges we know so well and beating the odds. Clearly there isn't a one-size-fits-all model for success, but these schools prove what's possible for all Indiana schools."

In 2010-2011, CHA's students again outperformed the Indiana state average ISTEP+ score with an 83.837% pass rate. Students scored an 80.4% pass rate in language arts and 83.4% in math. CHA exceeded the ISTEP+ scores of Indianapolis Public Schools, with a comparable student demographic, by 25 percentage points. The school again met AYP in 29 reportable categories, received IDOE's "Exemplary" rating, and was lauded as a Title 1 High Performing School. In the spring of 2011, CHA achieved the highest growth rate in English/Language Arts proficiency among students in grades 3-8 in Indiana.

Over the past three academic years, CHA's student attendance rate has averaged 96.5% and year-to-year retention averaged 92.8%. Family involvement, always a challenge among the at-risk student population, is consistent, with approximately 50% of parents and other family members engaged in the PTO and volunteering with sporting and other events. Participation in parent-teacher conferences is a requirement for the release of student report cards at the conclusion of each grading period. Presently 98% of families participate in these conferences.

Accomplishing this degree of change within nine years is indicative of CHA's commitment to instructional quality, teacher assessment and professional development, student attendance and retention, and family involvement. Given the broad diversity of CHA's student population and the high percentage of limited English proficiency

students, this consistent academic improvement is noteworthy and the organization's management team fully expects comparable results among its charter replications.

According to the Indiana Department of Education's website, comparative data for schools located near Christel House Academy paint a less hopeful picture for student performance. IPS #31 (James A Garfield School) serving grades K-6, posted a 39.5% ISTEP+ pass rate in 2011. This school has not met AYP for 4 of the last five years (in 2008-2009 AYP was not calculated).

Students at Emma Donnan Middle School, also located near CHA, posted a 32.5% pass rate on 2011's ISTEP+, among its 600+ students in grades 7 and 8. The school has not met AYP for three of the last five years (AYP not calculated in 2008-2009). In 2011, this school became subject to state intervention for remaining on Indiana Department of Education's Academic Probation list for the sixth consecutive year.

The expansion charters will all be located in an educationally distressed area of the city, where there are a limited number of high quality educational seats.

3. Because CHA does not have more than one K-12 charter school, it is unable to answer question 3, other than to reflect on the early years of CHA's operation, which did not meet our standards or expectations. Performance on ISTEP was dismal, student turnover was high, parent involvement was confrontational and both teacher and student attendance was poor. Discipline in the school was fragmented and not fairly administered. Teachers were frazzled and exhausted at the end of every day—many were young and unprepared for the challenges of our population.

To address these issues, CHA studied the root causes, which were determined to be lack of effective Principal leadership, lack of sufficient teaching experience at the classroom level, and lack of parental support for the school. To address these concerns a new Principal was identified and hired, poorly performing teachers were let go at the end of the school year and replaced with more tenured teachers, and parents were engaged family by family, and asked to commit to the schools values and standards by signing a written agreement. Those who did not agree with our philosophies took their children elsewhere.

CHA expects that the population in Gary will present many of the same problems experienced in the early days of CHA-Indianapolis, and we will approach them in the same way, although now with much more experience to draw from. Experienced teachers who have a mission-driven passion for education will be essential to the success of the school. Likewise, the Principal must be strong, willing to be firm in addressing both children and parents when unacceptable behavior is demonstrated, and must truly believe that he/ she can create transformational change in this community.

CHA's expectation is to see an average of at least one year's growth in academic performance over one year's time in every grade level.

4. **Attachment 22** contains the last three years' audited financial statements for CHA as well as the most recent internal financial statements (including balance sheets and income statements) for both CHA and DORS.

5. **Attachment 23** contains the last three years' audited financial statements for Christel House International, as well as its most recent internal financial statements (including balance sheets and income statements).

6. Prior to opening its first school, CHA contracted with Sabis Educational Systems as an Educational Management Organization, believing that we needed to identify an "expert" to operate our U.S. based schools. CHA terminated this relationship because of unsatisfactory performance by Sabis. Similarly, CHA next engaged Edison Schools as an EMO, for the same reason, and with the same result. We have realized that our standards of excellence are not widely shared, even among EMO's.

7. None

8. None

9. The school is party to one lawsuit for a slip and fall case that occurred on ice outside the school's cafeteria. Damages sought were medical expenses, and the school's insurer is managing the litigation and covering costs of defense. The litigation is immaterial, and therefore **Attachment 24** has been intentionally left blank.

ATTACHMENT 1

RESUMES OF FOUNDING GROUP MEMBERS

Christel DeHaan – BOARD MEMBER, CHRISTEL HOUSE ACADEMY

Founder, Christel House International and Christel House Academy

Co-Founder, Resort Condominiums International

Christel DeHaan is the founder of Christel House International, an Indianapolis-based public charity that works to break the cycle of poverty for some of the world's poorest children.

Education is the cornerstone of the Christel House program. The organization also provides children with nutritious meals and medical care, instills universal values, encourages personal accountability, and empowers families and communities. It teaches the importance of helping others and giving back. Through this holistic approach, Christel House permanently transforms lives and communities, replacing poverty and dependence with dignity and self-sufficiency.

In 1998, DeHaan opened the first Christel House learning center in Mexico City. By 2002, she had started four more schools—in India, South Africa, Venezuela and the United States. In June 2010, Christel House opened its sixth school—and second in India—in the hill city of Lavasa. In August 2010, DeHaan welcomed the first freshman class to the new Christel House–Watanabe High School in Indianapolis.

DeHaan is the former C.E.O. of Resort Condominiums International (RCI), an entrepreneurial business venture she co-founded in 1974. Under DeHaan's leadership, RCI became the world's largest vacation exchange provider. After selling RCI in 1996, DeHaan focused on expanding her philanthropic work. In addition to providing substantial funding for Christel House, she supports artistic, cultural and educational initiatives in Central Indiana through the Christel DeHaan Family Foundation.

DeHaan is widely recognized for her accomplishments in the business, educational and philanthropic sectors. In 1995, President Bill Clinton appointed DeHaan to serve on the White House Conference Task Force on Travel and Tourism. For her leadership in helping to reform public education in Indiana, DeHaan was named Education Leader of the Year (2003) by the Greater Educational Opportunities Foundation. She has twice

received the Sagamore of the Wabash, one of the most prestigious awards presented by the state of Indiana.

DeHaan serves on several boards of directors, including the American Pianists Association, OneAmerica, The Woodrow Wilson National Fellowship Foundation, Spoleto Festival USA and the Ethics Committee of the United Nations World Tourism Organization. She is a member of Indiana's Education Roundtable.

DeHaan holds honorary doctorate degrees from the University of Indianapolis, Marian College (now Marian University) and the University of Nottingham, England. A resident of Indianapolis, DeHaan has three children and five grandchildren.

CAREY J DAHNCKE

PRINCIPAL AND CHIEF ACADEMIC OFFICER

CHRISTEL HOUSE ACADEMY

Professional Teaching & Administrative Experiences

2006- <i>present</i>	Principal & Director Christel House Academy Indianapolis
2010- <i>present</i>	Field Experience Faculty Columbia University Teachers College
2000 – 06	Principal Christian Park School 82 Indianapolis Public Schools
1999 – 05	Reserve Deputy Marion County Sheriff's Department <i>Rank, Corporal</i> Crime Prevention & Education Unit
1999-00	Assistant Principal William Penn Elementary School 49 Indianapolis Public Schools
1997-99	Assistant Principal Longfellow Middle School 28
98 & 99	<i>Summer School Principal</i> Indianapolis Public Schools
1996-97	United States Fulbright Shelthorpe Community Primary School Exchange Teacher Loughborough, England
1996	Summer School Principal Sunny Heights Elementary School MSD Warren Township, Indianapolis
1995 - 96	Instructor, <i>Educational Technology</i> Indiana University School of Education IUPUI Campus
1994-96	Intermediate Multiage Teacher Brookview School <i>Computer & Technology Coordinator</i> MSD Warren Township, Indianapolis
1993-94	Grade 5 Teacher
1992-93	General Education Teacher Alternative Truancy High School Danville Public Schools 118, Illinois

Education & Professional Training

Stanford University, School of Education
School Leadership Institute, *Summer Residency Program*
Eastern Illinois University, Charleston, Illinois

Master of Science in Education, *Educational Administration*
Professional Teacher Education Sequence (*BA Liberal Arts & Sciences*)
American College in London, England
Bachelor of Business Administration, *Cum Laude*

Professional & Academic Honors

2008 Title I Distinguished Principal, Indiana Department of Education
2006 District 7 Principal of the Year- IASP
MSD Warren Township, Brookview School, Teacher of the Year 1996
US Fulbright Teacher Exchange Award
Graduate School Student Marshal, Eastern Illinois University
Graduate Research & Tuition Scholarship Recipient
Lester Schick Scholarship Recipient
American Institute for Foreign Study, London / Leningrad USSR
Dean's List, American College
Student Government Association Representative, American College

Special Accomplishments

2012 The National Forum - Schools to Watch Award, *Christel House Academy*
2012 US Healthier Schools- Silver Award, *Christel House Academy*
2011 Distinguished Title I School (IDOE), *Christel House Academy*
2010 NAESP and MetLife Foundation's Sharing the Dream Award
2010 Distinguished Title I School (IDOE), *Christel House Academy*
2009 Healthy Hoosier Award- Silver, *Christel House Academy*
2008 Panasonic National School Change Award, *Christel House Academy*
2008 Distinguished Title I School (IDOE), *Christel House Academy*
2006 Healthy Hoosier Award, *Christian Park School 82*

Licensing & Certification *Indiana*

Administration & Supervision – *All grades*
General Elementary Teaching 1-6
Kindergarten
Language Arts 7-9
Social Studies 7-9
Business Education 7-9

Illinois

General Administration K - 12
Self-Contained Teaching K-9
Language Arts, Jr. High
Social Science, Jr. High

Joseph P. Schneider

SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

CHRISTEL HOUSE INTERNATIONAL

(NOT AN OFFICER OR DIRECTOR OF CHRISTEL HOUSE ACADEMY, BUT
EXERCISES SUPERVISORY RESPONSIBILITIES)



PROFESSIONAL EXPERIENCE

Christel House International

2006- Present

(Not-for-profit organization focused on poverty alleviation serving over 3,300 children and young adults in the United States, Mexico, Venezuela, South Africa and India)

Senior Vice President, Treas. and Chief Financial Officer responsible for accounting, finance, risk management, HR, facilities and information systems of Christel House International as well as nine affiliated entities including Christel House Academy, a charter school operating in inner-city Indianapolis.

Novelty, Inc.

2004-2006

(Privately held, product development and distribution company with sales over \$140 million)

Chief Financial Officer responsible for accounting, finance, risk management, H/R and information systems with operational responsibility over warehousing, logistics and fleet management (270 vehicles). Stabilized infrastructure; redesigned point of sale, handheld, computer system; cut days to close by two thirds; restructured health plan; introduced disability insurance program and established safety program reducing workers comp claims by over 50%.

Independent Stock Trader 2004

2003 –

Self-Employed

Independently trade equities electronically based on technical analysis and market conditions utilizing strict risk control strategies.

Weaver Popcorn Company, Inc.

1993-2002

(Privately held, world leader in popcorn production with sales over \$160 million.)

Finance

Chief Financial Officer (1993 – 2002) Responsible for financial reporting and control, banking, tax planning and compliance, information systems, risk management, compensation and benefits administration. Reduced closing process from 8 days to ½ day; reduced audit cost by over 50%; reduced audit period from 2 months to 2 weeks; reduced P&C insurance cost by over 40%; reduced effective cost of financing by over 125 basis points; restructured underperforming 401(k) plan; challenged and reestablished estate plan of principal; reengineered cost system; established Economic Value Added (EVA) performance measurement tools.

Leadership / Strategy

A leader in the Company's strategic, reorganization and cost reduction initiatives. Actively involved in all significant decisions ranging from acquisitions / divestitures to new product introductions. Demonstrated ability to lead through rapid change in competitive environments.

Operations

Responsible for all aspects of start-up and leadership of Argentine subsidiary. Built Weaver Argentina to over \$15 million in annual sales and into world's leading exporter of popcorn. Coordinated legal and professional services. Key member of commodity hedging team.

Technology

Chief Information Officer (1995 –1999) Responsible for directing the information and data integrity of the Company and its subsidiaries. Led ERP sourcing / implementation.

Ernst & Young LLP

1981-1993

Senior Manager in charge of coordinating and directing accounting, audit, tax and consulting services for up to 15 clients annually, ranging in size from start-ups to billion dollar, international companies.

Experience includes formal training in inventory control, total quality management, corporate finance and shareholder value, taxation and human resource management. Directed and participated in acquisition reviews and business mergers. Extensive experience in presentations to senior management, boards of directors, audit committees and professional organizations.

Selected to participate in the firm's internal National Quality Control Review Program Peer Review of another firm. Also selected by Office Managing Partner to form and chair a committee to design and implement an innovative sales / marketing campaign for the Indiana Practice. Campaign resulted in sales exceeding its goal by 30%. Served as instructor in over 20 internal and external training programs.

EDUCATION

Indiana University - 1981

- B.S. with highest distinction. Recipient of the **William A. Rawles Award** presented annually to the graduating senior with the most distinguished academic record in the School of Business (overall GPA 4.0 on 4.0 Scale).

PROFESSIONAL AND OTHER AFFILIATIONS

- Certified Public Accountant, 1984 – State of Indiana
- American Institute of CPA's & Indiana CPA Society

Cheryl J. Wendling

BOARD MEMBER AND PRESIDENT, CRISTEL HOUSE ACADEMY

SENIOR VICE PRESIDENT, CRISTELHOUSE INTERNATIONAL

Education

Indiana University Indianapolis, IN

Juris Doctorate 1984

Butler University Indianapolis, IN

M.A. English 1974

B.A. English 1972

Experience

Christel House International

1998-present

Senior Vice President

- Serve as part of four-person senior leadership team that directs and manages the worldwide organization
- Provide in-house legal counsel
- Oversee the organization's US Development Department and provide leadership and guidance for development personnel in Europe, India, Mexico and South Africa
- Liaise and manage Board of Director relationships and projects
- Coordinate and manage special organization projects

Christel DeHaan Family Foundation

1997-1998

Vice President

- Provided counsel for distribution of funds to support the arts, education and human needs in Indiana
- *This role changed in 1998 when the concept of Christel House was conceived.*

RCI

1991-1997

Senior Corporate Counsel

- Established and lead in-house legal department to manage all corporate legal affairs of multinational company

Mayflower Corporation

1985-1991

Senior Attorney

- Integral member of legal team charged with managing all corporate legal affairs including mergers and acquisitions

ATTACHMENT 2

LEADERSHIP HIRING TIMELINE AND CRITERIA

As explained in the Project Narrative, a Principal-In-Training program has been developed to grow future CHA leaders. Currently one Principal-In-Training is being groomed for a future position, but it is likely she will be assigned to an Indianapolis expansion school. Just as soon as Network Expansion Charters are received and a facility located for the first school in Gary, we will begin the search for our next Principal-In-Training. Ideally, this individual would relocate to Indianapolis from Gary for the period of one year to 18 months, and then return to Gary to launch the school. The ideal timeline for this would be to identify this individual by January 2104, to begin training no later than June of that year. Return or relocation to Gary would occur in January 2016, in preparation for the school's opening in August.

The search for this candidate will begin in Gary and the surrounding communities, including Chicago. However, we may well determine that the magnitude of work to be accomplished in Gary will require a nationwide search. Criteria and qualifications for this position are set forth in the position description contained within Section 1, FOUNDING GROUP, in the discussion of the School Leader and Leadership Team. In addition to the skills identified therein, CHA will be seeking a leader who is inspirational and charismatic—preferably a leader of color, who has also come from a challenged background, and with whom students and parents can closely identify. Previous experience as a Principal in a high-needs school will be preferable, but not essential. We can teach the “nuts and bolts” during the Principal-In-Training phase, but the non-academic qualifications and criteria necessary for success in this role must be inherent.

ATTACHMENT 3

ADMINISTRATIVE AND MANAGEMENT TEAM

The faculty at every Christel House school is the most important resource in achieving the school's educational goals. Therefore, utmost care and attention is given to the process of recruiting, screening, interviewing and hiring of all staff. Teaching and administrative staff members will be selected on the basis of specific requirements of each position and all hiring decisions will be made in compliance with local, state and federal employment practices.

In an effort to maximize existing human resources at CHA, it is anticipated that network expansion schools will lease their employees from CHA. This will enable CHA to manage all human resource functions, consolidate activities like payroll and benefits administration and gain economies of scale. Additionally, CHA has developed a rich collection of employee benefits that rival local school corporations, ensuring employment in the CHA network is seen as highly desirable by teachers. CHA will bill the network expansion schools for actual costs only.

All administrators and teachers will be required to hold a four-year university degree and be considered highly qualified by the Indiana Department of Education, or be engaged in an official transition program to ensure proper licensing. Network expansion schools will comply with Indiana law regarding minimum requirements for teaching/instructional staff and ensure proper certification is on file. DORS model programs will also work closely with Ivy Tech Community College to seek candidates with Master's level degrees in their content area, making these instructors eligible to teach dual credit courses.

Other important criteria include:

1. Excellent subject knowledge;
2. Enthusiasm for teaching & learning;
3. A 'Whatever It Takes' approach to ensuring students learn;
4. Creativity and/or an innovative spirit in education;
5. Clearly defined preparation or preparation plan for active teaching pedagogy.

Christel House will conduct background checks on all potential employees, as required by law. All employees at Christel House Academy will be "employees at will." The

employer or the employee may terminate the employment relationship at any time, with or without notice.

The Network Schools' Principals will be hired 12-18 months in advance of the schools' openings. The Assistant Principal (if required), Business Manager, Social Worker and Administrative Assistant will be hired 6 months prior to opening. Teaching staff will be hired during the spring and summer prior to opening.

Recruitment process will focus on Gary and surrounding communities, with special emphasis on educators available through Teach for America and similar organizations.

ATTACHMENT 4
GOVERNANCE DOCUMENTS

Attached please find:

- a. 501(c)(3) Letter of Determination from the Internal Revenue Service for Christel House Academy
- b. Articles of Incorporation for Christel House Academy, Inc.
- c. Copy of Bylaws for Christel House Academy, Inc.



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

Date: SEP 19 2002

Christel House Academy, Inc.
10 West Market Street
Indianapolis, IN 46204

Employer Identification Number:
02-0550824
Issuing Specialist:
Bruce Lewis, 50-18875
Toll Free Customer Service:
877-829-5500
Accounting Period Ending:
June 30
Foundation Status Classification:
509(a)(1) & 170(b)(1)(A)(ii)
Form 990 Required:
Yes

Dear Applicant:

Based on the information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in the section(s) indicated above.

Revenue Procedure 75-50, 1975-2 C.B. 587, sets forth guidelines and recordkeeping requirements for determining whether private schools have racially nondiscriminatory policies as to students. You are excepted from complying with this revenue procedure as long as you operate as a Charter school. Should you no longer operate under the Charter you will have to comply with the revenue procedure to maintain your tax-exempt status.

Please notify the Ohio Tax Exempt and Government Entities (TE/GE) Customer Service office if there is any change in your name, address, sources of support, purposes, or method of operation. If you amend your organizational document or bylaws, please send a copy of the amendment to the Ohio TE/GE Customer Service office. The mailing address for that office is: Internal Revenue Service, TE/GE Customer Service, P.O. Box 2508, Cincinnati, OH 45201.

You are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act.

If you are involved in an excess benefit transaction, that transaction might be subject to the excise taxes of section 4958 of the Code. In this letter we are not determining whether any of your present or proposed arrangements would be considered an excess benefit transaction resulting in tax under section 4958. Additionally, you are not automatically exempt from other federal excise taxes.

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Christel House Academy, Inc.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of Code sections 2055, 2106, and 2522.

Donors (including private foundations) may rely on this ruling unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your 509(a) status as indicated above, donors (other than private foundations) may not rely on the classification indicated above if they were in part responsible for, or were aware of, the act that resulted in your loss of such status, or they acquired knowledge that the Internal Revenue Service had given notice that you would be removed from that classification. Private foundations may rely on the classification as long as you were not directly or indirectly controlled by them or by disqualified persons with respect to them. However, private foundations may not rely on the classification indicated above if they acquired knowledge that the Internal Revenue Service had given notice that you would be removed from that classification.

Contribution deductions are allowable to donors only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fund-raising events may not necessarily qualify as fully deductible contributions, depending on the circumstances. If your organization conducts fund-raising events such as benefit dinners, shows, membership drives, etc., where something of value is received in return for payments, you are required to provide a written disclosure statement informing the donor of the fair market value of the specific items or services being provided. To do this you should, in advance of the event, determine the fair market value of the benefit received and state it in your fund-raising materials such as solicitations, tickets, and receipts in such a way that the donor can determine how much is deductible and how much is not. Your disclosure statement should be made, at the latest, at the time payment is received. Subject to certain exceptions, your disclosure responsibility applies to any fund-raising circumstance where each complete payment, including the contribution portion, exceeds \$75. In addition, donors must have written substantiation from the charity for any charitable contribution of \$250 or more.

In the heading of this letter we have indicated whether you must file Form 990, *Return of Organization Exempt from Income Tax*. If "Yes" is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. If your gross receipts each year are not normally more than \$25,000, we ask that you establish that you are not required to file Form 990 by completing Part I of that Form for your first year. Thereafter, you will not be required to file a return until your gross receipts exceed the \$25,000 minimum. For guidance in determining if your gross receipts are "normally" not more than the \$25,000 limit, see the instructions for the Form 990. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$20 a day is charged when a return is filed late, unless there is reasonable cause for the delay. The maximum penalty charged cannot exceed \$10,000 or 5 percent of your gross receipts for the year, whichever is less. For organizations with gross receipts exceeding \$1,000,000 in any year, the penalty is \$100 per day per return, unless there is reasonable cause for the delay. The maximum penalty for an organization with gross receipts exceeding \$1,000,000 shall not exceed \$50,000. This penalty may also be charged if a return is not complete, so please be

- 3 -

Christel House Academy, Inc.

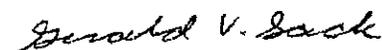
sure your return is complete before you file it. Form 990 should be filed with the Ogden Service Center, Ogden, UT 84201-0027.

You are required to make your Form 990 available for public inspection for three years after the later of the due date of the return or the date the return is filed. You are also required to make available for public inspection your exemption application, any supporting documents, and this exemption letter. Copies of these documents must be provided to any individual upon written or in person request without charge other than reasonable fees for copying and postage. You may fulfill this requirement by placing these documents on the Internet. Penalties may be imposed for failure to comply with these requirements. Additional information is available in Publication 557, *Tax-Exempt Status for Your Organization*, or you may call our toll free number shown above.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, *Exempt Organization Business Income Tax Return*. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

Please use the employer identification number indicated in the heading of this letter on all returns you file and in all correspondence with the Internal Revenue Service. Because this letter could help resolve any questions about your exempt status, you should keep it in your permanent records. If you have any questions about this letter, or about filing requirements, excise, employment, or other federal taxes, please contact the Ohio TE/GE Customer Service office at 877-829-5500 (a toll free number) or correspond with that office using the address indicated above.

Sincerely,



Gerald V. Sack
Manager, Exempt Organizations
Technical Group 4

**ARTICLE OF INCORPORATION
OF
CHRISTEL HOUSE ACADEMY, INC.**

RECEIVED
INDIANA SECRETARY
OF STATE
2001 OCT -5 PM 3:47

The undersigned incorporator, desiring to form a corporation (the "Corporation") pursuant to the provisions of the Indiana Nonprofit Corporation Act of 1991 (the "Act"), executes the following Articles of Incorporation:

ARTICLE I

Name

The name of the Corporation is Christel House Academy, Inc.

ARTICLE II

Classification of Corporation

The Corporation is a public benefit corporation.

ARTICLE III

Purposes and Powers

Section 3.1. Purposes. The purposes for which the Corporation is formed are:

- (a) To support, promote, advocate and/or advance the education of children residing in the United States of America.
- (b) To carry out the aforesaid purposes through a variety of charitable activities including, but not limited to, the follow:
 - (i) Receiving and maintaining a fund or funds of real or personal property, or both, and using or applying the whole or any portion of the income therefrom and/or the principal thereof exclusively for the aforesaid purposes;
 - (ii) Raising and expending funds for the aforesaid purposes;

(iii) Implementing and carrying out programs and activities related to the aforesaid purposes, whether independently or through or with domestic and/or foreign organizations which are organized and operated for the aforesaid purposes;

(iv) Providing goods, services and/or other support, whether financial or otherwise, to domestic and foreign organizations which are organized and operated for the aforesaid purposes;

(v) Creating and owning (in whole or in part) domestic and foreign subsidiaries which are organized and operated for the aforesaid purposes, and appointing the directors of such subsidiaries; and,

(vi) Organizing charter schools or other similar institutions for the aforesaid purposes.

(c) In furtherance of the aforesaid purposes, to transact any and all lawful business for which corporations may be incorporated under the Act, provided such business is not inconsistent with the Corporation being organized and operated exclusively for aforesaid charitable purposes.

Notwithstanding any other provision of these Articles of Incorporation, the Corporation is not and shall be empowered to engage in activities which are not in furtherance of the aforesaid purposes.

Section 3.2. Nonprofit Purposes.

(a) The Corporation is organized and operated exclusively for charitable purposes and its activities shall be conducted in such a manner that no part of its net earnings shall inure to the benefit of any member, director, or officer or other private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Section 3.1.

(b) No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not

participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office.

(c) Notwithstanding any other provision of these Articles of Incorporation, the Corporation shall not carry on any other activities not permitted to be carried on:

(i) By a corporation exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws, or

(ii) By a corporation, contributions to which are deductible under Section 170(c)(2), Section 2055(a)(2), or Section 2522(a)(2) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

Section 3.3. Powers. Subject to any limitation or restriction imposed by the Act, any other law, or any other provisions of these Articles of Incorporation, the Corporation shall have the power:

(a) To do everything necessary, advisable, or convenient for the accomplishment of any of the purposes hereinbefore set forth, or which shall at any time appear conducive to or expedient for the protection or benefit of the Corporation and to do all of the things incidental thereto or connected therewith which are not forbidden by law, including but not limited to granting special powers of attorney to individuals to act as the Corporation's attorneys-in-fact to carry out any of its charitable purposes or exercise any of its corporate powers.

(b) To engage in transactions, financial or otherwise, with a class of nonprofit corporations exempt from federal taxation pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws. Such transactions shall include, but not be limited to, the transfer of assets, bargain sales, the borrowing or leasing of employees, the sharing of goods or services, the guarantee of the

payment of principal, interest, or other payment in whatever form on obligations evidenced by any form of indebtedness, and the guarantee of performance of any obligation of any member of said class of nonprofit corporation. Each member of said class shall be affiliated with the Corporation by

(i) supporting the Corporation, being supported by the Corporation, or supporting or being supported by the same corporation or corporations as the Corporation pursuant to Section 509(a) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws, or

(ii) being described in Sections 501(c)(2) or 501(c)(25) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws, by paying over its income, less expenses, to the Corporation or to an organization described in Section 3.3(b)(i).

In any event, the foregoing power or powers shall not be exercised or exercisable in a manner inconsistent with the Corporation's status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws:

(c) To engage in transactions, financial or otherwise, with a class of foreign organizations which are described in Section 509(a)(1), (2) or (3) of the Internal Revenue code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws (whether or not such organizations have received determination letters from the Internal Revenue Service as to such status), provided that the foregoing power or powers shall not be exercised or exercisable in a manner inconsistent with the Corporation's status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws, and

(d) To have, exercise and enjoy in furtherance of the purposes herein before set forth all the general rights, privileges, and powers granted to corporations by the Act, as now existing or hereafter amended, and by the common law.

Section 3.4. Limitations on Powers. If the Corporation is or becomes a private foundation (as defined in Section 509(a) of the Internal Revenue Code of 1986, as amended or corresponding provisions of any subsequent Federal tax laws), the Corporation shall be subject to the following requirements:

(a) The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

(b) The Corporation shall not engage in any act of self-dealing that would subject any person to the taxes imposed on acts of self-dealing by Section 4941 of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

(c) The Corporation shall not retain any excess business holdings which would subject it to the tax on excess business holdings imposed by Section 4943 of the Internal Revenue code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

(d) The Corporation shall not make any investments in such a manner as to subject it to the tax under Section 4944 of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

(e) The Corporation shall not make any expenditures which would subject it to the taxes on taxable expenditures imposed by Section 4945 of the Internal Revenue code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws.

ARTICLE IV

Distribution of Assets on Dissolution

In the event of the complete liquidation, dissolution of the Corporation, or the winding up of its affairs, the Board of Directors shall, after paying or making provision for the payment of all the liabilities of the Corporation, distribute all the assets of the Corporation exclusively for the purposes of the Corporation in such manner, or, as the Board of Directors shall determine, to one or more organizations which are organized and operated for nonprofit educational purposes and which (i), in the case of domestic organizations, at the time qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws, or (ii) in the case of foreign organizations, at the time are described in Section 509(a)(1), (2) or (3) of the Internal Revenue Code of 1986, as amended, or corresponding provisions of any subsequent Federal tax laws (whether or not such organizations have received determination letters from the Internal Revenue Service as to such status) provided, however, any assets received from a governmental agency shall be returned to that agency if required by state law. Any such assets not so disposed of shall be disposed of by the Judge of the Circuit Court of Marion County, Indiana, exclusively for such purposes or to such organization or organizations, as said Court shall determine, which are organized and operated exclusively for such purposes.

ARTICLE V

Term of Existence

The Corporation shall have perpetual existence.

ARTICLE VI

Registered Office and Registered Agent

Section 6.1. Registered Office and Registered Agent. The street address of the Corporation's registered office is 1990 Market Tower, 10 West Market Street, Indianapolis, Indiana, 46204, and the name of the Corporation's registered agent at that office is Cheryl J. Wendling.

Section 6.2. Principal Office. The post office address of the principal office of the Corporation is 1990 Market Tower, 10 West Market Street, Indianapolis, Indiana, 46204.

ARTICLE VII

Members

The Corporation may have members.

ARTICLE VIII

Board of Directors

Section 8.1 Number and Term of Office. Upon incorporation, the initial Board of Directors shall consist of seven (7) directors. Thereafter, the number of directors shall be as specified in or fixed in accordance with the Bylaws of the Corporation; provided, however, that the minimum number of directors shall be three (3). The term of office of a director shall be as specified in the Bylaws; provided, however, that the term of an elected director shall not exceed five (5) years. Directors may be elected for successive terms. Terms of office of directors may be staggered as specified in the Bylaws.

Section 8.2. Qualifications. Each director shall have such qualifications as may be specified from time to time in the Bylaws of the Corporation or required by law.

Section 8.3. Election of Board of Directors. Other than the initial Board of Directors, the directors shall be elected at the annual meeting of the Corporation as specified in the Bylaws.

Section 8.4. Initial Board of Directors. The names and addresses of the initial Board of Directors of the Corporation are:

<u>Names</u>	<u>Addresses</u>
Sandi Bittner	10 West Market Street, Suite 1990 Indianapolis, IN 46204
Christel DeHaan	10 West Market Street, Suite 1990 Indianapolis, IN 46204
Murv Enders	1220 Waterway Blvd. Indianapolis, IN 46202
Dr. Everette Freeman	1400 East Hanna Avenue Indianapolis, IN 46227
Bob Hasty	5627 Senour Road Indianapolis, IN 46239
Dr. Carol Israel	1400 East Hanna Avenue Indianapolis, IN 46227
Alan Levin	11 South Meridian Street Indianapolis, IN 46204

Name and Address of Incorporator

The name and address of the incorporator of the Corporation is Cheryl J.

Wendling, 10 West Market Street, Suite 1990, Indianapolis, Indiana 46204.

ARTICLE IX

Indemnification

Section 9.1. Rights to Indemnification and Advancement of Expenses. The Corporation shall indemnify as a matter of right every person made a party to a proceeding because such person is or was

- (a) a member of the Board of Directors of the Corporation,
- (b) an officer of the Corporation, or
- (c) while a director or officer of the Corporation, serving at the Corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise, whether for profit or not, (each an "Indemnitee") against all liability incurred by such person in connection with the proceeding; provided that it is determined in the specific case that indemnification of such person is permissible in the circumstances because such person has met the standard of conduct for indemnification specified in the Act. The Corporation shall pay for or reimburse the reasonable expenses incurred by an Indemnitee in

Upon demand by a person for indemnification or advancement of expenses, as the case may be, the Corporation shall expeditiously determine whether the person is entitled thereto in accordance with this Article and the procedures specified in the Act.

The indemnification provided under this Article shall be applicable to any proceeding arising from acts or omissions occurring before or after the adoption of this Article.

Section 9.2. Other Rights Not Affected. It is the intent of this Article to provide indemnification to directors and officers to the fullest extent now or hereafter permitted by law consistent with the terms and conditions of this Article. Nothing contained in this Article shall limit or preclude the exercise of, or be deemed exclusive of, any right under the law, by contract or otherwise, relating to indemnification of or advancement of expenses to any person who is or was a director, officer, employee, or agent of the Corporation, or the ability of the Corporation to otherwise indemnify or advance expenses to any such individual.

Notwithstanding any other provision of this Article, there shall be no indemnification with respect to matters as to which indemnification would result in inurement of net earnings of the Corporation “to the benefit of any private shareholder or individual,” within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or similar provisions of any subsequent Federal tax laws. The provisions of, and the rights and obligations created by, this Article shall not give rise or be deemed to give rise to “compensation for personal services” as described in IC 34-4-11.5-1 et seq., as amended.

Section 9.3. Definitions. For purposes of this Article:

(a) A person is considered to be serving an employee benefit plan at the Corporation’s request if the person’s duties to the Corporation also impose duties on, or

otherwise involve services by, the person to the plan or to participants in or beneficiaries of the plan.

(b) The estate or personal representative of a person entitled to indemnification or advancement of expenses shall be entitled hereunder to indemnification and advancement of expenses to the same extent as the person.

(c) The term “expenses” includes all direct and indirect costs (including, without limitation, counsel fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or out-of-pocket expenses) actually incurred in connection with the investigation, defense, settlement, or appeal of a proceeding or establishing or enforcing a right to indemnification under this Article, applicable law or otherwise.

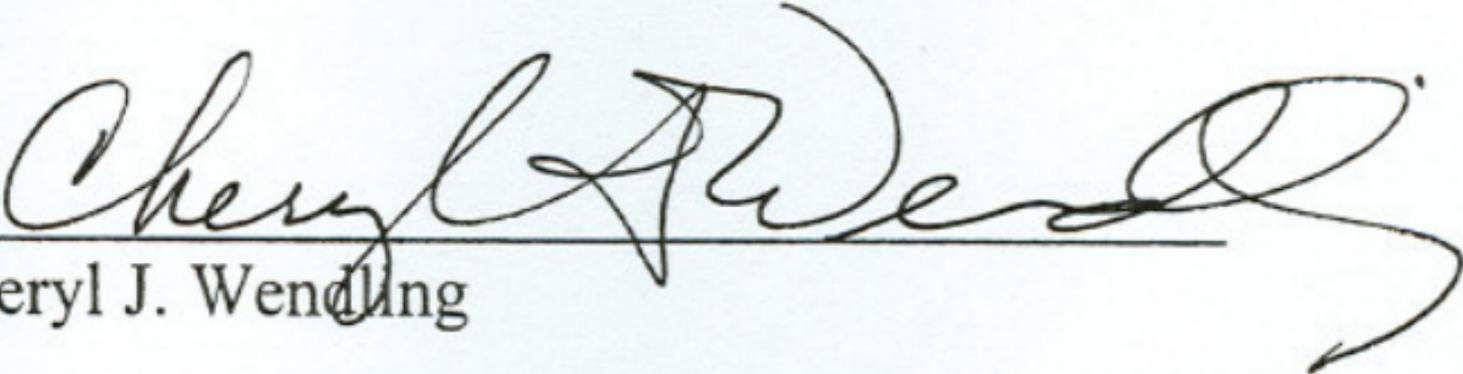
(d) The term “liability” means the obligation to pay a judgment, settlement, penalty, fine, excise tax (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred with respect to a proceeding.

(e) The term “party” includes an individual who was, is or is threatened to be made a named defendant or respondent in a proceeding.

(f) The term “proceeding” means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal.

INWITNESS WHEREOF, the undersigned incorporator executes these Articles of Incorporation and verifies subject to penalties of perjury that the facts contained herein are true.

Dates this 5th day of October, 2001.


Cheryl J. Wendling

**BYLAWS
OF
CHRISTEL HOUSE ACADEMY, INC.**
(Amended March 16, 2006)

ARTICLE I

Board of Directors

Section 1.1. Duties and Qualifications. The business and affairs of Christel House Academy, Inc. (the "Corporation") shall be managed by the Board of Directors.

Section 1.2. Number, Term, Appointment and Election. The Board of Directors shall consist of a minimum of three (3) directors and a maximum of fifteen (15) directors, with the exact number of directors to be determined from time to time by the Board of Directors. The initial Board of Directors shall consist of seven (7) directors.

The term of office of the directors shall be staggered by dividing the total number of directors into three (3) groups which shall be equal in size to the greatest possible extent. The term of office of the first group of directors shall expire at the first annual meeting of the Board of Directors, the term of office of the second group of directors shall expire at the second annual meeting of the Board of Directors, and the term of office of the third group of directors shall expire at the third annual meeting of the Board of Directors. Thereafter, the term of office of each elected director shall be up to three (3) years. Despite the expiration of a director's term, the director shall continue to serve until a successor is appointed or elected and qualifies, or until there is a decrease in the number of directors. One group of directors shall be elected at each annual meeting of the Board of Directors by a plurality of the votes cast by those directors whose terms of office have not expired.

Section 1.3. Chairman of the Board. The Chairman shall be chosen by the Board of Directors at each Annual Meeting. The Chairman, if present, shall preside at all meetings of the Board of Directors.

Section 1.4. Vacancies. Any vacancy among the directors caused by death, resignation, removal, increase in the number of directors or otherwise shall be filled by a majority vote of the remaining members of the Board of Directors. The term of office of a director chosen to fill a vacancy shall expire at the later of the next annual meeting of the Board of Directors, or at such time as a successor shall be duly elected and qualified.

Section 1.5. Removal. Any director may be removed, with or without cause, by a plurality of the votes cast the directors other than the director being considered for removal.

Section 1.6. Annual Meetings. Unless the Board of Directors determines otherwise, the Board of Directors shall meet for the purpose of election of officers of the Corporation, election of directors (if applicable), and consideration of any other business which may be brought before the meeting.

Section 1.7. Other Meetings. Regular meetings of the Board of Directors shall be held pursuant to a resolution of the Board to such effect, and shall be held whenever convenient for the Board of Directors. Unless otherwise provided by the Board of Directors, regular meetings shall be held at the Corporation's operating office; 2717 South East Street, Indianapolis, Indiana. Notice of such meetings shall be in compliance with applicable law. Special meetings of the Board of Directors may be held upon the call of the Chairman of the Board of Directors, the President, or twenty percent (20%) of the directors then in office and upon at least forty-eight (48) hours' notice specifying the date, time, place and purpose or

purposes of the meeting, given to each director either personally or by regular mail, electronic mail, telegram, facsimile transmission, or telephone, and further provided that any public notice requirements are met. Oral notice is authorized. A director may waive any required notice of an annual, regular or special meeting. The waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or Corporate records. A director's attendance at or participation in a meeting waives any required notice to the director of the meeting unless the director at the beginning of the meeting or promptly upon the director's arrival, objects to holding the meeting or transacting business at the meeting and does not vote for or assent to action taken at the meeting. The foregoing notwithstanding, nothing herein shall be construed to relieve the corporation of any legal obligation to provide public notice of meetings.

Section 1.8. Quorum: Voting. One-third (1/3) of the directors in office when action is taken, but in no event fewer than two (2) directors, shall be necessary to constitute a quorum for the transaction of any business at a meeting of the Board of Directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of the directors present when the act is taken shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles of Incorporation, or these Bylaws.

Section 1.9. Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting if the action is taken by all directors and is permitted by state law. The action must be evidenced by at least one (1) written consent describing the action to be taken, signed by each director, and included in the minutes or filed with the corporate records reflecting the action taken. Action taken

under this section is effective when the last director signs the consent, unless the consent specifies a prior or subsequent effective date.

Section 1.10. Committee. The Board of Directors may from time to time create and appoint standing, special or other committees to undertake studies, make recommendations, and carry on functions for the purpose of efficiently accomplishing the purposes of the Corporation. Committees to the extent specified by the Board of Directors, may exercise the powers, functions, or authority of the Board of Directors, except where prohibited by law; provided, however, that if a committee is to exercise board powers, functions, or authority, (a) all the persons serving on the committee must be directors, (b) there must be at least two (2) persons on the committee, and (c) the creation of the committee and the appointment of its members shall be by a majority of all directors in office when the action is taken.

ARTICLE II

Officers

Section 2.1. Officers and Qualifications Therefor. The officers of the Corporation shall consist of a President, one or more Vice Presidents, a Secretary and a Treasurer. The officers shall be chosen by the Board of Directors. Any two (2) or more offices may be held by the same person.

Section 2.2. Terms of Office. Each officer of the Corporation shall be elected by the Board of Directors at its annual meeting and shall hold office for a term of one (1) year and until a successor shall be duly elected and qualified, or until resignation, removal, or death.

Section 2.3. Vacancies. Whenever any vacancies shall occur in any of the offices of the Corporation for any reason, the same may be filled by the Board of Directors, and any officer so elected shall hold office until the expiration of the term of the officer causing the vacancy and until the officer's successor shall be duly elected and qualified.

Section 2.4. Removal. Any officer of the Corporation may be removed, with or without cause, at any time by the Board of Directors.

Section 2.5. Compensation. Each officer of the Corporation may receive such compensation for his or her services in such office as fixed by action of the Board of Directors.

ARTICLE III

Powers and Duties of Officers

Section 3.1. President. If the Chairman is not present, the President shall preside at meetings of the Board of Directors. At each annual meeting of the Board of Directors, the President or the President's designee shall report on the activities of the Corporation. Subject to the general control of the Board of Directors, the President shall manage and supervise all of the affairs of the Corporation and shall perform all of the usual duties of the chief executive officer of a corporation. The President shall grant special powers of attorney to such individuals as the President deems necessary or appropriate to act as the Corporation's attorneys-in-fact to carry out the Corporation's charitable purposes and/or to exercise the Corporation's powers.

Section 3.2. Vice Presidents. Subject to the general control of the Board of Directors, if the President is not present, a Vice President shall discharge all the usual

functions of the President and shall have such other powers and duties as these Bylaws, the Board of Directors, or an officer authorized by the Board may prescribe.

Section 3.3. Secretary. The Secretary shall attend all meetings of the Board of Directors, and prepare, keep, or cause to be kept, a true and complete record and minutes of the proceedings of such meetings, and shall perform a like duty, when required, for all committees appointed by the Board of Directors. If required, the Secretary shall attest the execution by the Corporation of deeds, leases, agreements and other official documents. The Secretary shall attend to the giving and serving of all notices of the Corporation required by these Bylaws, shall have custody of the books (except books of account) and records of the Corporation, shall be responsible for authenticating records of the Corporation, and in general shall perform all duties pertaining to the office of Secretary and such other duties as these Bylaws, the Board of Directors, or an officer authorized by the Board may prescribe.

Section 3.4. Treasurer. The Treasurer shall keep correct and complete records of account, showing accurately at all times the financial condition of the Corporation. The Treasurer shall have charge and custody of, and be responsible for, all funds, notes, securities and other valuables which may from time to time come into the possession of the Corporation and shall deposit, or cause to be deposited, all funds of the Corporation with such depositories as the Board of Directors shall designate. At each annual meeting of the members, the Treasurer, or the Treasurer's designee, shall report on the financial condition of the Corporation. The Treasurer, or the Treasurer's designee, shall furnish, at meetings of the Board of Directors or whenever requested, a statement of the financial condition of the Corporation, and in general shall perform all duties pertaining to the office of Treasurer.

Section 3.5. Assistant Officers. The Board of Directors may from time to time designate and elect assistant officers who shall have such powers and duties as the officers whom they are elected to assist shall specify and delegate to them, and such other powers and duties as these Bylaws or the Board of Directors may prescribe. An Assistant Secretary may, in the absence or disability of the Secretary, attest the execution of all documents by the Corporation.

ARTICLE IV

Miscellaneous

Section 4.1. Corporate Seal. The Corporation may, but need not, have a corporate seal. The form of any such corporate seal may be specified in a resolution of the Board of Directors. A corporate seal, however, shall not be required for any purpose, and its absence shall not invalidate any document or action.

Section 4.2. Execution of Contracts and Other Documents. Unless otherwise ordered by the Board of Directors, all written contracts and other documents entered into by the Corporation shall be executed on behalf of the Corporation by the Chairman, President or a Vice President, and, if required, attested by the Secretary or an assistant secretary.

Section 4.3. Fiscal Year. The fiscal year of the Corporation shall begin on July 1 of each year and end on the immediately following June 30.

ARTICLE V

Amendments

Subject to law and the Articles of Incorporation, the power to make, alter, amend or repeal all or any part of these Bylaws is vested in the Board of Directors. The Corporation

must provide notice to the directors of any meeting at which an amendment to the Bylaws is to be considered and voted upon.


Secretary

ATTACHMENT 5

STATEMENT OF ASSURANCES

Signed Copy Attached

INDIANA CHARTER SCHOOL BOARD: CHARTER SCHOOL APPLICANT

Statement of Assurances

The charter school agrees to comply with all of the following provisions: (Read and check)

1. A resolution or motion has been adopted by the charter school applicant's governing body that authorizes and authorizing the applicant's designated representative to act in connection with the application and to provide such additional information as required.
2. Recipients operate (or will operate if not yet open) a charter school in compliance with all federal and state laws, including Indiana Charter Schools Law as described in all relevant sections of IC § 20-24.
3. Recipients will, for the life of the charter, participate in all data reporting and evaluation activities as required by the Indiana Charter School Board (ICSB) and the Indiana Department of Education. See in particular IC § 20-20-8-3 and relevant sections of IC § 20-24.
4. Recipients will comply with all relevant federal laws including, but not limited to, the Age Discrimination in Employment Act of 1975, Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, Part B of the Individuals with Disabilities Education Act, and section 427 of the General Education Provision Act.
5. Recipients will comply with all provisions of the Non regulatory Guidance—Public Charter Schools Program of the U.S. Department of Education, which includes the use of a lottery for enrollment if the charter school is oversubscribed, as well as with applicable Indiana law. See also relevant sections of IC § 20-24.
6. Recipients shall ensure that a student's records, and, if applicable, a student's individualized education program as defined at 20 U.S.C. § 1401(14) of the Individuals with Disabilities Education Act, will follow the student, in accordance with applicable federal and state law.
7. Recipients will comply with all provisions of the No Child Left Behind Act, including but not limited to, provisions on school prayer, the Boy Scouts of America Equal Access Act, the Armed Forces Recruiters Access to Students and Student Recruiting Information, the Unsafe School Choice Option, the Family Educational Rights and Privacy Act (FERPA) and assessments.
8. Recipients will operate with the organizer serving in the capacity of fiscal agent for the charter school and in compliance with generally accepted accounting principles.
9. Recipients will at all times maintain all necessary and appropriate insurance coverage.
10. Recipients will indemnify and hold harmless the ICSB, the Indiana Department of Education, the State of Indiana, all school corporations providing funds to the charter school (if applicable), and their officers, directors, agents and employees, and any successors and assigns from any and all liability, cause of action, or other injury or damage in any way relating to the charter school or its operation.

<input checked="" type="checkbox"/> 11. Recipients understand that the ICSB may revoke the charter if the ICSB deems that the recipient is not fulfilling the academic goals and/or fiscal management responsibilities outlined in the charter.	Signature from Authorized Representative of the Charter School Applicant	
I, the undersigned, am an authorized representative of the charter school applicant and do hereby certify that the information submitted in this application is accurate and true to the best of my knowledge and belief. In addition, I do hereby certify to the assurances contained above.		
DATE 3/12/13	PRINT NAME & TITLE MARY J. WENDLING PRESIDENT, CHRISTEL HOUSE ACADEMY, INC.	 SIGN NAME

ATTACHMENT 6

BOARD MEMBER RESUMES

Murvin S. Enders

509 Kessler Boulevard West Drive

Indianapolis, IN 46228

Home (317) 251-2591

Work (317) 921-1268

menders2@comcast.net

Summary

Dynamic, goal-oriented professional with more than thirty years of experience in a broad range of management positions including the not-for-profit sector. Excellent reputation as a strong leader and team builder with the proven ability to deliver results. Experiential assets include:

- Not-For-Profit Leadership
- CEO, Large Manufacturing Plant
- Management of Modest to Multi-Million Dollar Budgets

- Diverse Department Leadership
- Human Resources Experience
- Strong Community Involvement

Work Experience

January 2005 – July, 2012, **Executive Director, 100 Black Men of Indianapolis.**

I am responsible for the day to day operation of the "100" where my primary goal is to improve the long term sustainability of the 100 Black Men of Indianapolis and our youth development programs through continuous improvement of planning, policies & procedures, membership, fund development, administration, communication, and facilities.

With the support of the board, officers and the community, key staff additions were made in fund and program development, six quality mentoring based educational programs (African-American History, Beautillion, Financial Literacy, Scholastic Sports, Summer Academy and Team

Mentoring) are provided for more than 700 Indianapolis and central Indiana children annually, received national awards in financial literacy, education and mentoring and community awareness has been significantly improved.

January 1997 – December 2004 (volunteer) **President, 100 Black Men of Indianapolis.** With teams of committed officers and committee chairs, I lead the “100” from fifty or sixty members to more than one hundred men serving approximately 1000 youth annually for seven years. We won two chapter of the year awards, city-county council recognition, African American History championships, and the Dollars & \$ense financial literacy championship. Our team initiated strategic planning, continuous improvement of programs, a web site, a fund development committee and was involved in developing a model for assessment and outcome measurement of our programs.

May 1998 – March 2003 **Vice-President Human Resources, Indianapolis Water Company.** I was responsible for all human resources activities including labor relations, employment, safety, training & career planning, benefits, security, food service, and compensation. Working with the management team and the unions, we improved union / management relations, reduced grievances and successfully negotiated bargaining agreements prior to expiration deadlines.

October 1995 – May 1998 **Vice-President Administrative Affairs, IWC Resources Corporation.** I was responsible for corporate senior management human resource support, coordination of human resource initiatives with subsidiary personnel, and marketing, community involvement and other team assignments as required by the chairman.

The following is a synopsis of my career with the **Chrysler Corporation.** I experienced a continuous increase of responsibility to include my former position as **Plant Manager** (October 1993 - December 1994) of the Toledo Machining Plant. I was responsible for the management of **1,200,000 square feet** of manufacturing space, **1,700 employees**, and average annual sales of **\$360 million** in the production of torque converters, steering columns, brake cylinders, calipers, flywheels, etc.

Prior to the Toledo assignment (3/89 - 10/93), I was **Plant Manager** of the Indianapolis Foundry where I was responsible for the management of **500,000 square feet** of manufacturing space, **950 employees**, and average sales of **\$225 million** in the production of gray iron cylinder block castings.

As **Production Manager** (3/86 - 2/89), I was responsible for all production and production control functions effectively meeting production requirements while maintaining budget and quality standards. As **Manager of Manufacturing Engineering** (4/84 - 3/86), I was responsible for the management of Facility and Environmental Engineering. Tool and Process Engineering, the Pattern Shop and Maintenance Departments. I also served on Productivity Improvement Committees.

As **Shift Superintendent**, I managed the second shift production operations and the support activities of Quality Control, Production Control, and Maintenance. I was responsible for core making (isocure and furan), molding, melting, and cleaning operations. During a two and a half year period, I held the position of **Production and Facilities Engineering Manager**.

Biography

Tom Kegley

President, Home Health Monitoring Services

Tom Kegley formed Home Health Monitoring Services utilizing licensed Intellectual Property from Roche Diagnostics in 2009. This software was developed in the Roche Venture Office which operated from 2003-2005. The focus of this business is to maintain a healthier and better lifestyle as well as reducing medical events such as hospitalizations for patients suffering from Chronic Diseases such as CHF, COPD, Diabetes and Coronary Artery Disease. Since his retirement from Roche in 2007 he has been involved in helping companies in developing strategy for IT and addressing healthcare security and privacy issues. Tom visualized the potential to utilize this Roche technology to impact the healthcare marketplace and reduce the total cost of dealing with these diseases. His focus today is to deliver services for the monitoring and reporting of healthcare information from the home.

Tom Kegley was named Vice President of Information Technology at Roche in 1992. During his fifteen years as Head of IT for North America, he focused on leading development of overall e-Business strategy for Roche Diagnostics Corporation and integrating all Roche Diagnostics systems and infrastructure for North America into a single IT environment by 2004. While at Roche Diagnostics, formerly Boehringer Mannheim Corporation, Kegley achieved numerous breakthroughs including the creation of the first international IT function to develop worldwide standards, global infrastructure, and global strategies for the integrated business systems of SAP, CRM, desktop and e-mail. Under his United States IT leadership, Kegley created the architecture for the restructuring and integration of disparate IT functions, delivering new SAP-based ERP systems, SFA/CRM Systems and new data warehousing ability to enhance information delivery. He initiated the first official company Internet site in 1997, which subsequently led to the Intranet and e-Commerce becoming fully rolled out within the region. Kegley focused on achieving the company's total business transformation on new business, e-enabling business processes and e-Health opportunities. His organization was recognized by Information Week Magazine as one of the most Innovative (#54 on IW 500 List 2005) and was cited as Top 25 Competency Centers in the Americas by SAP. While at Roche, Kegley was a member of various internal associations such as the Roche Diagnostics Informatics Operating Committee and the Roche Diagnostics North America Operating Committee.

Prior to joining Roche Diagnostics in 1992, Kegley spent 22 years leading IT at Beecham Pharmaceuticals and SmithKline Beecham Corporate Headquarters for the Americas. He also held the role of an independent consultant for Glaxo, Schering Plough and Hoechst.

Tom was a Director of the Pharmaceutical Information Systems Association. He also chaired the Community Hospitals of Indiana IT Advisory Committee, served as President for the Society of Information Management (SIM) for Indianapolis. He is a member of the Indianapolis CIO Roundtable, is a Board Member of the Indiana Health Information Management Systems Society (HIMSS) and the IU Health Informatics Advisory Board. Tom serves as Secretary to the Board of Christel House Academy.



CE Solutions, Inc.
Structural Engineers

EDUCATION

Purdue University
West Lafayette, Indiana
Bachelor of Science
in Civil Engineering 1978

REGISTRATION

Registered/Licensed Professional
Engineer: Indiana, Kentucky, Ohio,
W Virginia, Michigan, Mississippi,
North Carolina, Washington,
Pennsylvania
Licensed Structural Engineer:
Illinois, Utah (pending)

ACCOLADES

U.S. Jaycees Outstanding Young
Men of America

Theta Chi Fraternity
Citation of Honor

Stanley K. Lacy Executive
Leadership Program

National Multiple Sclerosis Society
Indiana State Chapter Leadership
Circle Award

Graduate Dr. Stephen R. Covey's
"Seven Habits of Highly Effective
People" Workshop

Kiwanis International Foundation
2001 George F. Hixson
Fellowship Award Recipient;
Kiwanian of the Month

PUBLICATIONS

*Engineering Ethics &
Professionalism, Indianapolis
Business Journal* 1990

*Relationships 101,
Carmel Business Leader*, 2009

Steven P. Osborn, P.E., S.E., CPSM, FSMPS **President, CE Solutions**

In his first two decades as a structural engineer with large, multi-disciplined firms, Steve gained a wealth of experience managing large-scale, noteworthy projects like downtown Indianapolis' \$300 million Circle Centre Mall. In the years since he founded CE Solutions in 1998, Steve has capably applied the skills he derived working on complex, large-scale projects toward developing creative solutions to unique, one-of-a-kind projects, both large and small. Several award winning engineering projects illustrate his talent. Steve actively contributes his talents toward enhancing the profession. Through leadership positions in professional organizations, he has assisted the State of Indiana with building code provisions and professional service selection procedures. He has delivered the speech, "Seismic Restraint Design of Mechanical, Electrical and Fire Sprinkler Systems" to the Indiana Fire Sprinkler Association, Indiana Subcontractors Association, Mechanical Contractors Association of Indiana, Indiana Construction Specification Institute and Illinois State University School of Construction Management. Steve routinely consults on the same subject. Since the 1986 inception of the Civil Engineering Professional Development Seminar cosponsored by Purdue University's School of Civil Engineering and the Indiana Section of ASCE, Steve has actively participated in the planning and has frequently served as session moderator at this popular continuing education program.

COMMUNITY ORGANIZATIONS

- Stanley K. Lacy Leadership Association, Current Board Member
- Lacy Society, Charter member
- Multiple Sclerosis Society, Indiana Chapter, Current Board of Trustees Member
- Boy Scouts of America Crossroads of America Council, Past Properties Committee
- Indianapolis Kiwanis Northwest Club, Past Fountain Square Revitalization Committee, Past Chairman; Community Needs Analysis 2000 Committee, Past Chairman
- Theta Chi Fraternity

PROFESSIONAL INDUSTRY ORGANIZATIONS

- Indiana Civil Engineering Professional Development Seminar, Advisory Committee Member since 1986, Past Co-Chair
- American Council of Engineering Companies of Indiana, Committee leadership positions
- Indiana Qualifications Based Selection Coalition, Past Chairman
- American Society of Civil Engineers, Local, state and national leadership positions
- Metropolitan Indianapolis Branch, Structural Engineering Institute, Founder/Past Chairman
- American Concrete Institute
- Society for Marketing Professional Services, Fellow, Certified Professional Services Marketer, Indiana Chapter Past President, National Practice Analysis Committee



Alan A. Levin

Partner

11 South Meridian Street | Indianapolis, Indiana 46204-3535

ph: 317-231-7259 fax: 317-231-7433

e-mail: alan.levin@btlaw.com

Alan A. Levin is a partner in Barnes & Thornburg LLP, resident in the Indianapolis, Indiana office, where he is a member of the Business Department. He currently is the Managing Partner of Barnes & Thornburg and has served in that capacity since 1997. He concentrates his practice on the many legal issues surrounding employee benefits. His practice encompasses a broad spectrum of activities, including drafting and design of both qualified and non-qualified retirement plans, consulting, and an extensive administrative practice with governmental agencies. In addition, he has been involved in all phases of the establishment and operation of ESOPs and, on occasion, has been involved in implementing retirement plans in foreign countries. His practice also includes counseling clients with respect to executive compensation issues, including stock option plans, phantom stock plans and split dollar insurance. As part of his administrative practice, he is closely involved with governmental agencies, including the U.S. Department of Labor and the Internal Revenue Service.

Mr. Levin has been a frequent participant in employee benefit seminars on topics including qualified retirement plans, executive compensation, and ESOPs. He serves on several boards, including as a trustee of The Indianapolis Foundation and the Central Indiana Community Foundation.

Mr. Levin received a B.A. degree *summa cum laude* from Mercyhurst College in Erie, Pennsylvania, in 1976. He received his J.D. *magna cum laude* from Indiana University School of Law-Bloomington in 1982, where he was a member of the Order of the Coif. He joined Barnes & Thornburg in 1982 and became a partner in 1990. Mr. Levin is admitted to practice in the state of Indiana.

HOPE Y. HAMPTON

8811 BERGESON DR. INDPLS, IN 46278
(646)-464-2993 HOPEHAMPTON@YMAIL.COM

EDUCATION PROFESSIONAL – COMMUNITY BUILDER–COUNSELOR

Ten Years' Experience Working with Students Ages Two to Twenty-One in a Multitude of Settings
and Twenty Years' Administrative Experience in Academic, Community and Corporate Settings

PROFILE

Accomplished Education Professional and Administrator with a successful track record in the academic, corporate and non-profit arenas. Skilled communicator experienced with diverse communities and groups. Candidate is experienced as both administrator and program developer. Practical experience as both a classroom educator and education administrator with a strong background in adult and child counseling.

SKILLS AND STRENGTHS

Areas of Proficiency:

- Program planning and development
- Assessing the Needs of and Motivating Students
- Managing and hiring staff in educational and non-profit settings
- Conducting Faculty, Administrative Staff Meetings and Family Conferences
- Self-Motivated or Team-Oriented Working in both Academic and Corporate Settings

Positive Characteristics:

- Promotes Diversity through Example
- Effective Written and Verbal Communicator
- Positive Leader with Excellent Rapport
- Able to Enhance Student Self-Esteem

ADMINISTRATIVE EXPERIENCE

Co-founder, Bedford Prep Charter School, NY

2010

Bedford Prep will be the first blended learning charter school in New York City. The model is an integration of face-to-face classroom time with online learning. Our model is based on New York City's iSchool public high school model. Bedford Prep will be a college preparatory high school. The Charter has been accepted and Bedford Prep will open in the fall of 2011. As a co-founder of the school I was motivated by a desire for an underserved Brooklyn community to have access to quality options for college preparatory education.

- Defended the application with board for a DOE panel
- Responsible for gaining community support for the school

Human Resources Manager, Senex Services, IN

2000 – 2001

Senex Services, founded in 2000, is currently a leader in healthcare bad debt purchasing and servicing.

- Managed all aspects of human resources in this start-up company, including:
 - Recruiting and hiring of all management and non-management employees
 - Ensuring the appropriate training of new hires
 - Planning and organizing all company events

CURRICULUM VITAE

NAME: Watanabe, Margaret Reese

EDUCATION:

UNDERGRADUATE: Wheaton College, Wheaton, Illinois
B.S. with High Honors, Zoology, 1963

GRADUATE: Indiana University School of Medicine
Indianapolis, Indiana
M.S., Immunology-Microbiology, 1963

Indiana University School of Medicine
Indianapolis, Indiana
Ph.D., Immunology-Microbiology, 1980

Indiana University School of Medicine
Indianapolis, Indiana
M.D., 1986

POSTDOCTORAL: Indiana University School of Medicine
Department of Internal Medicine
Division of Rheumatology
Research Fellow, 1980-1982

Indiana University School of Medicine
Department of Obstetrics and Gynecology
Resident, 1986-1990

Diplomate, American Board Obstetrics and Gynecology,
1992

FELLOWSHIPS: National Science Foundation Fellowship, 1963-1965

Graduate Fellowship, Danforth Foundation, 1974-1980

Postdoctoral Fellowship, National Arthritis Foundation,
1980-1982

ACADEMIC APPOINTMENTS:

Indiana University School of Medicine
Department of Obstetrics and Gynecology
Clinical Instructor, 1990-1992
Clinical Assistant Professor, 1992-2003

Heather H. Willey

Partner

11 South Meridian Street
Indianapolis, Indiana 46204-3535
United States of America

Heather H. Willey is a partner in Barnes & Thornburg LLP's Indianapolis, Indiana office. She is a member of the Governmental Services & Finance and Healthcare Departments. Ms. Willey concentrates her practice on a variety of legislative issues, including policy development, analysis and negotiations on local, state and federal levels.

Prior to her law firm career, Ms. Willey served in Indiana Gov. Frank O'Bannon's Administration, working in the Office of the Governor from 1997 until 2003. She served as Special Assistant to the Governor and later as Executive Assistant for Education.

She is a member of the Indianapolis, Indiana, District of Columbia and American Bar associations, as well as the American Health Lawyers Association and the Indiana Municipal Lawyers Association.

Ms. Willey is also involved in the community, serving as President of the Governmental Affairs Society of Indiana and on the boards of the Youth Enhancement Training Initiative, Inc. and Christel House Academy. She is the Co-Chair of the Steering Committee for the William S. and Christina S. Hall, Center for Law and Health at Indiana University School of Law at Indianapolis. She is a member of Executive Women in Healthcare and the Indianapolis Symphony Orchestra's FORTE. She is a graduate of the Stanley K. Lacy Executive Leadership Series, Class XXX (2006). She is a member of the Lacy Leadership Association. She is also a graduate of the Indianapolis Bar Association Bar Leader Series and a current member of the Steering Committee for the Bar Leader Series. In addition, she is the Chair-Elect of the Indianapolis Bar Association's Government Practice Section. Most recently, Ms. Willey became a member of the Healthcare Businesswomen's Association (HBA). She also was named a Distinguished Fellow of the Indianapolis Bar Foundation.

She received her B.A. from Indiana University in 1996 and her J.D. from the Indiana University Robert H. McKinney School of Law in 2004. She also earned the Health Law Certificate at the William S. Hall and Christine S. Hall Center for Law and Health.

Ms. Willey is admitted to practice before all Indiana courts and the U.S. District Courts for the Southern and Northern Districts of Indiana, and the U.S. Court of Appeals for the 7th Circuit. She also is admitted to practice in the District of Columbia.

CHARTER SCHOOL BOARD MEMBER INFORMATION

(To be completed individually by each proposed board member for the charter holder)

Serving on a public charter school board is a position of public trust and fiduciary responsibility. As a board member of a public school, you are responsible for ensuring the quality of the school program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, the Indiana Charter School Board requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the founding group behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve:

CHRISTEL HOUSE ACADEMY, INC.

2. Your full name: ALFONSO J. ALANIS, M.D.

3. Brief educational and employment history. (No narrative response is required if resume is attached.)

X Resume is attached.

4. Describe any of your previous experiences that are relevant to serving on the charter school's board (including other board experience, or any experience overseeing start-up or entrepreneurial ventures). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

5. Do you understand the obligations of a charter school's Board of Directors to comply with Indiana's Public Access laws, including the Open Door Law for Board meetings?

Yes Don't Know/ Unsure

Disclosures

1. Indicate whether you or your spouse knows the other prospective board members for the proposed school. If so, please indicate the precise nature of your relationship.

I / we do not know any such trustees. Yes

2. Indicate whether you or your spouse knows anyone who is doing, or plans to do, business with the charter school (whether as an individual or as a director, officer, employee or agent of an entity). If so, indicate and describe the precise nature of your relationship and the nature of the business that such person or entity is transacting or will be transacting with the school.

I / we do not know any such persons. Yes

3. Indicate if you, your spouse or other immediate family members anticipate conducting, or are conducting, any business with the school. If so, indicate the precise nature of the business that is being or will be conducted.

I / we do not anticipate conducting any such business. Yes

4. If the school intends to contract with an Education Service Provider or management organization, indicate whether you or your spouse knows any employees, officers, owners, directors or agents of that provider. If the answer is in the affirmative, please describe any such relationship.

Not applicable because the school does not intend to contract with an education service provider or school management organization.

I / we do not know any such persons. Yes

5. If the school contracts with an education service provider, please indicate whether you, your spouse or other immediate family members have a direct or indirect ownership, employment, contractual or management interest in the provider. For any interest indicated, provide a detailed description.

N/A. I / we have no such interest. Yes

6. If the school plans to contract with an Education Service Provider, indicate if you, your spouse or other immediate family member anticipate conducting, or are conducting, any business with the provider. If so, indicate the precise nature of the business that is being or will be conducted.

N/A. I / we or my family do not anticipate conducting any such business. Yes

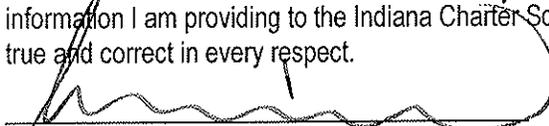
7. Indicate whether you, your spouse or other immediate family members are a director, officer, employee, partner or member of, or are otherwise associated with, any organization that is partnering with the charter school. To the extent you have provided this information in response to prior items, you may so indicate.

Does not apply to me, my spouse or family. Yes

8. Indicate any potential ethical or legal conflicts of interests that would, or are likely to, exist should you serve on the school's board. None. Yes

Certification

I, ALFONSO J. ACANIS, MD certify to the best of my knowledge and ability that the information I am providing to the Indiana Charter School Board as a prospective board member for Charter School is true and correct in every respect.


Signature

3-13-13

Date

CHARTER SCHOOL BOARD MEMBER INFORMATION

(To be completed individually by each proposed board member for the charter holder)

Serving on a public charter school board is a position of public trust and fiduciary responsibility. As a board member of a public school, you are responsible for ensuring the quality of the school program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, the Indiana Charter School Board requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the founding group behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve:

CHRISTEL HOUSE ACADEMY, INC.

2. Your full name: MURVIN S. ENDERS

3. Brief educational and employment history. (No narrative response is required if resume is attached.)

X Resume is attached.

4. Describe any of your previous experiences that are relevant to serving on the charter school's board (including other board experience, or any experience overseeing start-up or entrepreneurial ventures). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

5. Do you understand the obligations of a charter school's Board of Directors to comply with Indiana's Public Access laws, including the Open Door Law for Board meetings?

Yes Don't Know/ Unsure

Disclosures

1. Indicate whether you or your spouse knows the other prospective board members for the proposed school. If so, please indicate the precise nature of your relationship.

If we do not know any such trustees. Yes, from the current CHA Board.

2. Indicate whether you or your spouse knows anyone who is doing, or plans to do, business with the charter school (whether as an individual or as a director, officer, employee or agent of an entity). If so, indicate and describe the precise nature of your relationship and the nature of the business that such person or entity is transacting or will be transacting with the school.

If we do not know any such persons. Yes

Not to my knowledge.

3. Indicate if you, your spouse or other immediate family members anticipate conducting, or are conducting, any business with the school. If so, indicate the precise nature of the business that is being or will be conducted.
 I / we do not anticipate conducting any such business. Yes

4. If the school intends to contract with an Education Service Provider or management organization, indicate whether you or your spouse knows any employees, officers, owners, directors or agents of that provider. If the answer is in the affirmative, please describe any such relationship.
 Not applicable because the school does not intend to contract with an education service provider or school management organization.
 I / we do not know any such persons. Yes

5. If the school contracts with an education service provider, please indicate whether you, your spouse or other immediate family members have a direct or indirect ownership, employment, contractual or management interest in the provider. For any interest indicated, provide a detailed description.
 N/A. I / we have no such interest. Yes

6. If the school plans to contract with an Education Service Provider, indicate if you, your spouse or other immediate family member anticipate conducting, or are conducting, any business with the provider. If so, indicate the precise nature of the business that is being or will be conducted.
 N/A. I / we or my family do not anticipate conducting any such business. Yes

7. Indicate whether you, your spouse or other immediate family members are a director, officer, employee, partner or member of, or are otherwise associated with, any organization that is partnering with the charter school. To the extent you have provided this information in response to prior items, you may so indicate.
 Does not apply to me, my spouse or family. Yes

8. Indicate any potential ethical or legal conflicts of interests that would, or are likely to, exist should you serve on the school's board. None. Yes

Certification

I, Murvin S. Enders certify to the best of my knowledge and ability that the information I am providing to the Indiana Charter School Board as a prospective board member for Charter School is true and correct in every respect.


Signature

3/14/13
Date

CHARTER SCHOOL BOARD MEMBER INFORMATION

(To be completed individually by each proposed board member for the charter holder)

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As part of the application for a new charter school, the Indiana Charter School Board requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the founding group behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve:

CHRISTEL HOUSE ACADEMY, INC.

2. Your full name: HOPE Y. HAMPTON

3. Brief educational and employment history. (No narrative response is required if resume is attached.)
 Resume is attached.

4. Describe any of your previous experiences that are relevant to serving on the charter school's board (including other board experience, or any experience overseeing start-up or entrepreneurial ventures). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

I have been on numerous boards & helped to start a charter school.

5. Do you understand the obligations of a charter school's Board of Directors to comply with Indiana's Public Access laws, including the Open Door Law for Board meetings?

Yes Don't Know/ Unsure

Disclosures

1. Indicate whether you or your spouse knows the other prospective board members for the proposed school. If so, please indicate the precise nature of your relationship.

I / we do not know any such trustees. Yes

2. Indicate whether you or your spouse knows anyone who is doing, or plans to do, business with the charter school (whether as an individual or as a director, officer, employee or agent of an entity). If so, indicate and describe the precise nature of your relationship and the nature of the business that such person or entity is transacting or will be transacting with the school.

I / we do not know any such persons. Yes

I know lawyers who are involved.

3. Indicate if you, your spouse or other immediate family members anticipate conducting, or are conducting, any business with the school. If so, indicate the precise nature of the business that is being or will be conducted.
 I / we do not anticipate conducting any such business. Yes

4. If the school intends to contract with an Education Service Provider or management organization, indicate whether you or your spouse knows any employees, officers, owners, directors or agents of that provider. If the answer is in the affirmative, please describe any such relationship.
 Not applicable because the school does not intend to contract with an education service provider or school management organization.
 I / we do not know any such persons. Yes

5. If the school contracts with an education service provider, please indicate whether you, your spouse or other immediate family members have a direct or indirect ownership, employment, contractual or management interest in the provider. For any interest indicated, provide a detailed description.
 N/A. I / we have no such interest. Yes

6. If the school plans to contract with an Education Service Provider, indicate if you, your spouse or other immediate family member anticipate conducting, or are conducting, any business with the provider. If so, indicate the precise nature of the business that is being or will be conducted.
 N/A. I / we or my family do not anticipate conducting any such business. Yes

7. Indicate whether you, your spouse or other immediate family members are a director, officer, employee, partner or member of, or are otherwise associated with, any organization that is partnering with the charter school. To the extent you have provided this information in response to prior items, you may so indicate.
 Does not apply to me, my spouse or family. Yes

8. Indicate any potential ethical or legal conflicts of interests that would, or are likely to, exist should you serve on the school's board. None. Yes

Certification

I, Hope Y. Hampton certify to the best of my knowledge and ability that the information I am providing to the Indiana Charter School Board as a prospective board member for Charter School is true and correct in every respect.

Hope Hampton
 Signature

3.13.13
 Date

CHARTER SCHOOL BOARD MEMBER INFORMATION

(To be completed individually by each proposed board member for the charter holder)

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Background

1. Name of charter school on whose Board of Directors you intend to serve:

CHRISTEL HOUSE ACADEMY, INC.

2. Your full name: ^{HARRIS} HEATHER MACEK WILEY

3. Brief educational and employment history. (No narrative response is required if resume is attached.)
 Resume is attached.

4. Describe any of your previous experiences that are relevant to serving on the charter school's board (including other board experience, or any experience overseeing start-up or entrepreneurial ventures). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

5. Do you understand the obligations of a charter school's Board of Directors to comply with Indiana's Public Access laws, including the Open Door Law for Board meetings?
 Yes Don't Know/ Unsure

Disclosures

1. Indicate whether you or your spouse knows the other prospective board members for the proposed school. If so, please indicate the precise nature of your relationship.

I / we do not know any such trustees. Yes

Serve on Board currently.

2. Indicate whether you or your spouse knows anyone who is doing, or plans to do, business with the charter school (whether as an individual or as a director, officer, employee or agent of an entity). If so, indicate and describe the precise nature of your relationship and the nature of the business that such person or entity is transacting or will be transacting with the school.

I / we do not know any such persons. Yes

Barney & Thornberry may perform legal work

3. Indicate if you, your spouse or other immediate family members anticipate conducting, or are conducting, any business with the school. If so, indicate the precise nature of the business that is being or will be conducted.
 I / we do not anticipate conducting any such business. Yes

4. If the school intends to contract with an Education Service Provider or management organization, indicate whether you or your spouse knows any employees, officers, owners, directors or agents of that provider. If the answer is in the affirmative, please describe any such relationship.
 Not applicable because the school does not intend to contract with an education service provider or school management organization.
 I / we do not know any such persons. Yes

5. If the school contracts with an education service provider, please indicate whether you, your spouse or other immediate family members have a direct or indirect ownership, employment, contractual or management interest in the provider. For any interest indicated, provide a detailed description.
 N/A. I / we have no such interest. Yes

6. If the school plans to contract with an Education Service Provider, indicate if you, your spouse or other immediate family member anticipate conducting, or are conducting, any business with the provider. If so, indicate the precise nature of the business that is being or will be conducted.
 N/A. I / we or my family do not anticipate conducting any such business. Yes

7. Indicate whether you, your spouse or other immediate family members are a director, officer, employee, partner or member of, or are otherwise associated with, any organization that is partnering with the charter school. To the extent you have provided this information in response to prior items, you may so indicate.
 Does not apply to me, my spouse or family. Yes

8. Indicate any potential ethical or legal conflicts of interests that would, or are likely to, exist should you serve on the school's board. None. Yes

Certification

Heather Hamer Willey certify to the best of my knowledge and ability that the information I am providing to the Indiana Charter School Board as a prospective board member for Charter School is true and correct in every respect.

Signature

Date

2/13/13

CHARTER SCHOOL BOARD MEMBER INFORMATION

(To be completed individually by each proposed board member for the charter holder)

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Background

1. Name of charter school on whose Board of Directors you intend to serve:

CHRISTEL HOUSE ACADEMY, INC.

2. Your full name: THOMAS KEGLEY

3. Brief educational and employment history. (No narrative response is required if resume is attached.)
 Resume is attached.

4. Describe any of your previous experiences that are relevant to serving on the charter school's board (including other board experience, or any experience overseeing start-up or entrepreneurial ventures). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

5. Do you understand the obligations of a charter school's Board of Directors to comply with Indiana's Public Access laws, including the Open Door Law for Board meetings?

Yes Don't Know/ Unsure

Disclosures

1. Indicate whether you or your spouse knows the other prospective board members for the proposed school. If so, please indicate the precise nature of your relationship.

I / we do not know any such trustees. Yes

2. Indicate whether you or your spouse knows anyone who is doing, or plans to do, business with the charter school (whether as an individual or as a director, officer, employee or agent of an entity). If so, indicate and describe the precise nature of your relationship and the nature of the business that such person or entity is transacting or will be transacting with the school.

I / we do not know any such persons. Yes

3. Indicate if you, your spouse or other immediate family members anticipate conducting, or are conducting, any business with the school. If so, indicate the precise nature of the business that is being or will be conducted.

I / we do not anticipate conducting any such business. Yes

4. If the school intends to contract with an Education Service Provider or management organization, indicate whether you or your spouse knows any employees, officers, owners, directors or agents of that provider. If the answer is in the affirmative, please describe any such relationship.

Not applicable because the school does not intend to contract with an education service provider or school management organization.
 I / we do not know any such persons. Yes

5. If the school contracts with an education service provider, please indicate whether you, your spouse or other immediate family members have a direct or indirect ownership, employment, contractual or management interest in the provider. For any interest indicated, provide a detailed description.

N/A. I / we have no such interest. Yes

6. If the school plans to contract with an Education Service Provider, indicate if you, your spouse or other immediate family member anticipate conducting, or are conducting, any business with the provider. If so, indicate the precise nature of the business that is being or will be conducted.

N/A. I / we or my family do not anticipate conducting any such business. Yes

7. Indicate whether you, your spouse or other immediate family members are a director, officer, employee, partner or member of, or are otherwise associated with, any organization that is partnering with the charter school. To the extent you have provided this information in response to prior items, you may so indicate.

Does not apply to me, my spouse or family. Yes

8. Indicate any potential ethical or legal conflicts of interests that would, or are likely to, exist should you serve on the school's board. None. Yes

Certification

I, THOMAS KEGLEY certify to the best of my knowledge and ability that the information I am providing to the Indiana Charter School Board as a prospective board member for Charter School is true and correct in every respect.

Signature

Date

3/13/2012

CHARTER SCHOOL BOARD MEMBER INFORMATION
(To be completed individually by each proposed board member for the charter holder)

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Background

1. Name of charter school on whose Board of Directors you intend to serve:

CHRISTEL HOUSE ACADEMY, INC.

2. Your full name: ALAN A. LEVIN

3. Brief educational and employment history. (No narrative response is required if resume is attached.)
 Resume is attached.

4. Describe any of your previous experiences that are relevant to serving on the charter school's board (including other board experience, or any experience overseeing start-up or entrepreneurial ventures). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

Current director of Christel House Academy

5. Do you understand the obligations of a charter school's Board of Directors to comply with Indiana's Public Access laws, including the Open Door Law for Board meetings?

Yes Don't Know/ Unsure

Disclosures

1. Indicate whether you or your spouse knows the other prospective board members for the proposed school. If so, please indicate the precise nature of your relationship.

I / we do not know any such trustees. Yes

2. Indicate whether you or your spouse knows anyone who is doing, or plans to do, business with the charter school (whether as an individual or as a director, officer, employee or agent of an entity). If so, indicate and describe the precise nature of your relationship and the nature of the business that such person or entity is transacting or will be transacting with the school.

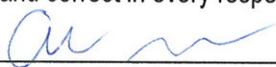
I / we do not know any such persons. Yes

I am a partner at Barnes & Thornburg which performs to level of legal services for the school but not substantial. My partnership interest is less than 5%

3. Indicate if you, your spouse or other immediate family members anticipate conducting, or are conducting, any business with the school. If so, indicate the precise nature of the business that is being or will be conducted.
- I / we do not anticipate conducting any such business. Yes
4. *See #2 response*
If the school intends to contract with an Education Service Provider or management organization, indicate whether you or your spouse knows any employees, officers, owners, directors or agents of that provider. If the answer is in the affirmative, please describe any such relationship.
- Not applicable because the school does not intend to contract with an education service provider or school management organization.
 I / we do not know any such persons. Yes
5. If the school contracts with an education service provider, please indicate whether you, your spouse or other immediate family members have a direct or indirect ownership, employment, contractual or management interest in the provider. For any interest indicated, provide a detailed description.
- N/A. I / we have no such interest. Yes
6. If the school plans to contract with an Education Service Provider, indicate if you, your spouse or other immediate family member anticipate conducting, or are conducting, any business with the provider. If so, indicate the precise nature of the business that is being or will be conducted.
- N/A. I / we or my family do not anticipate conducting any such business. Yes
7. Indicate whether you, your spouse or other immediate family members are a director, officer, employee, partner or member of, or are otherwise associated with, any organization that is partnering with the charter school. To the extent you have provided this information in response to prior items, you may so indicate.
- Does not apply to me, my spouse or family. Yes
8. Indicate any potential ethical or legal conflicts of interests that would, or are likely to, exist should you serve on the school's board. None. Yes

Certification

I, Alon Levin certify to the best of my knowledge and ability that the information I am providing to the Indiana Charter School Board as a prospective board member for Charter School is true and correct in every respect.


Signature

3/13/13
Date

CHARTER SCHOOL BOARD MEMBER INFORMATION

(To be completed individually by each proposed board member for the charter holder)

Serving on a public charter school board is a position of public trust and fiduciary responsibility. As a board member of a public school, you are responsible for ensuring the quality of the school program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, the Indiana Charter School Board requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the founding group behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve:

CHRISTEL HOUSE ACADEMY, INC.

2. Your full name: CHERYL WENDLING

3. Brief educational and employment history. (No narrative response is required if resume is attached.)

X Resume is attached.

4. Describe any of your previous experiences that are relevant to serving on the charter school's board (including other board experience, or any experience overseeing start-up or entrepreneurial ventures). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

10 years experience on CHA Board

5. Do you understand the obligations of a charter school's Board of Directors to comply with Indiana's Public Access laws, including the Open Door Law for Board meetings?

Yes Don't Know/ Unsure

Disclosures

1. Indicate whether you or your spouse knows the other prospective board members for the proposed school. If so, please indicate the precise nature of your relationship.

I / we do not know any such trustees. Yes

I serve with all of them

2. Indicate whether you or your spouse knows anyone who is doing, or plans to do, business with the charter school (whether as an individual or as a director, officer, employee or agent of an entity). If so, indicate and describe the precise nature of your relationship and the nature of the business that such person or entity is transacting or will be transacting with the school.

I / we do not know any such persons. Yes

I know many partners at the Barnes & Thornberg law firm, which occasionally does legal work for CHA; I know Deb Dadyman, partner at BKD, LLC, auditing firm. I know several individual at Shiel Sexton, w/ whom we may contract for construction & vcees.

3. Indicate if you, your spouse or other immediate family members anticipate conducting, or are conducting, any business with the school. If so, indicate the precise nature of the business that is being or will be conducted.
- I / we do not anticipate conducting any such business. Yes
4. If the school intends to contract with an Education Service Provider or management organization, indicate whether you or your spouse knows any employees, officers, owners, directors or agents of that provider. If the answer is in the affirmative, please describe any such relationship.
- Not applicable because the school does not intend to contract with an education service provider or school management organization.
 I / we do not know any such persons. Yes
5. If the school contracts with an education service provider, please indicate whether you, your spouse or other immediate family members have a direct or indirect ownership, employment, contractual or management interest in the provider. For any interest indicated, provide a detailed description.
- N/A. I / we have no such interest. Yes
6. If the school plans to contract with an Education Service Provider, indicate if you, your spouse or other immediate family member anticipate conducting, or are conducting, any business with the provider. If so, indicate the precise nature of the business that is being or will be conducted.
- N/A. I / we or my family do not anticipate conducting any such business. Yes
7. Indicate whether you, your spouse or other immediate family members are director, officer, employee, partner or member of, or are otherwise associated with, any organization that is partnering with the charter school. To the extent you have provided this information in response to prior items, you may so indicate.
- Does not apply to me, my spouse or family. Yes *I am a Director & Officer of Christel House International*
8. Indicate any potential ethical or legal conflicts of interests that would, or are likely to, exist should you serve on the school's board. None. Yes

Certification

I, CHERYL J. WENDUNG certify to the best of my knowledge and ability that the information I am providing to the Indiana Charter School Board as a prospective board member for Charter School is true and correct in every respect.

Cheryl Wendung
Signature

3/13/13
Date

CHARTER SCHOOL BOARD MEMBER INFORMATION
(To be completed individually by each proposed board member for the charter holder)

Serving on a public charter school board is a position of public trust and fiduciary responsibility. As a board member of a public school, you are responsible for ensuring the quality of the school program, competent stewardship of public funds, and the school's fulfillment of its public obligations and all terms of its charter.

As part of the application for a new charter school, the Indiana Charter School Board requests that each prospective board member respond individually to this questionnaire. Where narrative responses are required, brief responses are sufficient.

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Background

1. Name of charter school on whose Board of Directors you intend to serve:

CHRISTEL HOUSE ACADEMY, INC.

2. Your full name: STEVEN P. OSBORN

3. Brief educational and employment history. (No narrative response is required if resume is attached.)

X Resume is attached.

4. Describe any of your previous experiences that are relevant to serving on the charter school's board (including other board experience, or any experience overseeing start-up or entrepreneurial ventures). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

CHARTER BOARD

5. Do you understand the obligations of a charter school's Board of Directors to comply with Indiana's Public Access laws, including the Open Door Law for Board meetings?

X Yes Don't Know/ Unsure

Disclosures

1. Indicate whether you or your spouse knows the other prospective board members for the proposed school. If so, please indicate the precise nature of your relationship.

I / we do not know any such trustees. Yes

SERVE W ALL

2. Indicate whether you or your spouse knows anyone who is doing, or plans to do, business with the charter school (whether as an individual or as a director, officer, employee or agent of an entity). If so, indicate and describe the precise nature of your relationship and the nature of the business that such person or entity is transacting or will be transacting with the school.

I / we do not know any such persons. Yes

D. T. JANEL SEXTON

3. Indicate if you, your spouse or other immediate family members anticipate conducting, or are conducting, any business with the school. If so, indicate the precise nature of the business that is being or will be conducted.
 I / we do not anticipate conducting any such business. Yes

4. If the school intends to contract with an Education Service Provider or management organization, indicate whether you or your spouse knows any employees, officers, owners, directors or agents of that provider. If the answer is in the affirmative, please describe any such relationship.
 Not applicable because the school does not intend to contract with an education service provider or school management organization.
 I / we do not know any such persons. Yes

5. If the school contracts with an education service provider, please indicate whether you, your spouse or other immediate family members have a direct or indirect ownership, employment, contractual or management interest in the provider. For any interest indicated, provide a detailed description.
 N/A. I / we have no such interest. Yes

6. If the school plans to contract with an Education Service Provider, indicate if you, your spouse or other immediate family member anticipate conducting, or are conducting, any business with the provider. If so, indicate the precise nature of the business that is being or will be conducted.
 N/A. I / we or my family do not anticipate conducting any such business. Yes

7. Indicate whether you, your spouse or other immediate family members are director, officer, employee, partner or member of, or are otherwise associated with, any organization that is partnering with the charter school. To the extent you have provided this information in response to prior items, you may so indicate.
 Does not apply to me, my spouse or family. Yes

8. Indicate any potential ethical or legal conflicts of interests that would, or are likely to, exist should you serve on the school's board. None. Yes

Certification

I, STEVE OSBORNE certify to the best of my knowledge and ability that the information I am providing to the Indiana Charter School Board as a prospective board member for Charter School is true and correct in every respect.


 Signature

3/13/13
 Date

CHARTER SCHOOL BOARD MEMBER INFORMATION

(To be completed individually by each proposed board member for the charter holder)

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The purpose of this questionnaire is twofold: 1) to give application reviewers a clearer introduction to the founding group behind each school proposal in advance of the applicant interview, in order to be better prepared for the interview; and 2) to encourage board members to reflect individually as well as collectively on their common mission, purposes, and obligations at the earliest stage of school development.

Background

1. Name of charter school on whose Board of Directors you intend to serve:

CHRISTEL HOUSE ACADEMY, INC.

2. Your full name: MARGARET R. WATANABE

3. Brief educational and employment history. (No narrative response is required if resume is attached.)
X Resume is attached.

4. Describe any of your previous experiences that are relevant to serving on the charter school's board (including other board experience, or any experience overseeing start-up or entrepreneurial ventures). If you have not had previous experience of this nature, explain why you have the capability to be an effective board member.

I serve on the Board with all

5. Do you understand the obligations of a charter school's Board of Directors to comply with Indiana's Public Access laws, including the Open Door Law for Board meetings?

Yes Don't Know/ Unsure

Disclosures

1. Indicate whether you or your spouse knows the other prospective board members for the proposed school. If so, please indicate the precise nature of your relationship.

I / we do not know any such trustees. Yes

I know all from Board service

2. Indicate whether you or your spouse knows anyone who is doing, or plans to do, business with the charter school (whether as an individual or as a director, officer, employee or agent of an entity). If so, indicate and describe the precise nature of your relationship and the nature of the business that such person or entity is transacting or will be transacting with the school.

I / we do not know any such persons. Yes

Barnes & Thornberg law firm

3. Indicate if you, your spouse or other immediate family members anticipate conducting, or are conducting, any business with the school. If so, indicate the precise nature of the business that is being or will be conducted.
 I / we do not anticipate conducting any such business. Yes

4. If the school intends to contract with an Education Service Provider or management organization, indicate whether you or your spouse knows any employees, officers, owners, directors or agents of that provider. If the answer is in the affirmative, please describe any such relationship.
 Not applicable because the school does not intend to contract with an education service provider or school management organization.
 I / we do not know any such persons. Yes

5. If the school contracts with an education service provider, please indicate whether you, your spouse or other immediate family members have a direct or indirect ownership, employment, contractual or management interest in the provider. For any interest indicated, provide a detailed description.
 N/A. I / we have no such interest. Yes

6. If the school plans to contract with an Education Service Provider, indicate if you, your spouse or other immediate family member anticipate conducting, or are conducting, any business with the provider. If so, indicate the precise nature of the business that is being or will be conducted.
 N/A. I / we or my family do not anticipate conducting any such business. Yes

7. Indicate whether you, your spouse or other immediate family members are director, officer, employee, partner or member of, or are otherwise associated with, any organization that is partnering with the charter school. To the extent you have provided this information in response to prior items, you may so indicate.
 Does not apply to me, my spouse or family. Yes

8. Indicate any potential ethical or legal conflicts of interests that would, or are likely to, exist should you serve on the school's board. None. Yes

Certification

I, Margaret Watanabe certify to the best of my knowledge and ability that the information I am providing to the Indiana Charter School Board as a prospective board member for Charter School is true and correct in every respect.

Margaret Watanabe

Signature

3/13/13

Date

ATTACHMENT 7
CONFLICTS OF INTEREST

Attached are Christel House Academy's Conflict of Interest Policy and Statements of Conflicts of Interest signed by every Director Annually.



Christel House®

CONFLICT OF INTEREST POLICY

CHRISTEL HOUSE ACADEMY

Section 1. Purposes. The purpose of this conflict of interest policy is to protect the interest of Christel House Academy (CH) when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a related party.

Section 2. Definitions.

(a) Interested Person. Any director, officer, key employee or member of a committee with board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

(b) Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or family:

- i. an ownership or investment interest in any entity with which CH has a transaction or arrangement;
- ii. a compensation arrangement with CH or with any entity or individual with which CH has a transaction or arrangement; or
- iii. a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CH is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

Section 3. Procedures.

(a) Duty to Disclose. In connection with any actual or possible conflict of interest, an interested person must disclose the existence and nature of his or her financial interest to the directors and members of committees with board delegated powers and/or to management considering the proposed transaction or arrangement.

(b) Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest, the interested person shall leave the board or committee meeting while the financial interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists by a two-thirds vote. In the case of a

potential conflict of interest reported by an employee to management; management, in consultation with CHI, shall decide if a conflict of interests exists. If it is determined that a conflict of interest exists, the board, committee and/or management shall proceed as provided in Section 3(c).

(c) Addressing the Conflict of Interest.

- i. If the board or committee has not already done so, the president may, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
- ii. After exercising due diligence, the board or committee shall determine whether CH can obtain a more advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest.
- iii. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in CH's best interest and for its own benefit and whether the transaction is fair and reasonable to CH and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.
- iv. In determining whether to enter into the transaction or arrangement under Section 3(c)iii, the board or committee may request that the interested board member or committee member provide additional information to the board or committee. The interested person shall not be present or participate in the vote on whether to enter into such transaction, but may be counted for purposes of determining the existence of a quorum. If the interested director is counted for quorum purposes, the action must be approved by a sufficient number of votes based upon that quorum. For example, if a majority vote of the quorum is required to approve an action and six (6) directors constitute a quorum, the action must be approved by three (3) of the five (5) disinterested directors voting on the transaction or arrangement.
- v. In the case of a potential conflict of interest reported by an employee to management; management, in consultation with CHI, will evaluate the proposed transaction consistent with the process utilized by the board above to determine a course of action most beneficial to CH.

(d) Violations of the Conflict of Interest Policy.

- i. If the board, committee of the board or management has reasonable cause to believe that an interested person has failed to disclose actual or possible

conflicts of interest, it shall inform the interested person of the basis for such belief and afford the interested person an opportunity to explain the alleged failure to disclose.

- ii. If, after hearing the response of the interested person and making such further investigation as may be warranted in the circumstances, the board, committee or management determines that the interested person has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 4. Records of Proceedings. The minutes of the board and all committees with board delegated powers shall contain:

(a) the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed; and

(b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

(c) In the case of a conflict of interest involving an employee, the employee's personnel file will contain thorough documentation consistent with the above.

Section 5. Annual Statements. Each director, officer, key employee and member of a committee with board delegated powers shall annually sign a statement similar to that attached as Exhibit 1 which affirms that such person:

(a) has received a copy of the conflict of interest policy;

(b) has read and understands the policy;

(c) has agreed to comply with the policy; and

(d) understands that CH is a charitable organization and that it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 6. Periodic Reviews. To ensure that CH operates in a manner consistent with its charitable purposes, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, assess whether compensation arrangements and benefits are reasonable and are the result of arm's-length bargaining.

Section 7. Use of Outside Experts. In conducting the periodic reviews provided for in Section 6, CH may, but need not, use outside advisors. If outside advisors are used, their use shall not relieve the Board of its responsibility for ensuring that periodic reviews are conducted.



Christel House®

CONFLICT OF INTEREST STATEMENT

To: Board of Directors, Christel House Academy

I, the undersigned, associated with the above-captioned Christel House (hereinafter the "CH") in a capacity of director, officer, key employee or member of a committee with board delegated powers represent that as of the date specified below, I have the financial interests described below.

In accordance with CH's duly adopted conflict of interest policy, I understand that I have a "financial interest" if I have, directly or indirectly, through business, investment or family: (i) an ownership or investment interest in any entity with which CH has a transaction or arrangement; (ii) a compensation arrangement with CH or with any entity or individual with which CH has a transaction or arrangement; or (iii) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which CH is negotiating a transaction or arrangement.

I declare that I will inform the President (or in the case of the President, the Board of Directors) of CH; or, in the case of an employee, the Executive Director/Principal and Finance Director of CH, in writing, of any material change in the information I have provided herein.

I do further specifically represent that I have received a copy of CH's conflict of interest policy, that I have read and understand such policy, and that I agree to comply with such policy in every respect.

I understand that CH is a charitable organization and it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

As of this date, I have the following financial interests:

I hereby affirm that the foregoing information is correct and complete.

Signed: _____

Printed Name: _____

Date: _____

ATTACHMENT 8

EDUCATION SERVICE PROVIDER

No Education Service Provider will be utilized

ATTACHMENT 9

FIVE-YEAR BUSINESS PLAN

The Five-Year Network Expansion Business Plan is still in development. Questions 2-5 in the Project Narrative address pertinent planning issues.

ATTACHMENT 10

ORGANIZATIONAL RESPONSIBILITIES

The roles and responsibilities of the **Board of Directors** of Christel House Academy are as follows:

1. Ensure that the philosophy and mission of the school are followed;
2. Ensure that student performance is monitored and the school is meeting performance standards;
3. Ensure operational efficiency by approving and monitoring annual budgets, monitoring operating plans and performance;
4. Ordering a bi-annual independent audit of all revenues, assets, expenditures, and liabilities;
5. Review audit findings; and
6. Oversee the school's investments and capital improvement plan.
7. Ensure legal and ethical integrity and maintain accountability;
8. Establish policies which help the school achieve its mission and educational program; and
9. Enhance the school's public image by serving as the school's ambassadors, advocates and community representatives.

The roles and responsibilities of the Network's **Chief Academic Officer**:

The Chief Academic Officer of Christel House Academy will act as the Director of the Network during expansion of the program. The Chief Academic Officer will report jointly to the Board of Directors and Christel House International's CEO.

The Chief Academic Officer is responsible for day-to-day management and operation of the schools, and is responsible for ensuring that all charters are effectively and genuinely implemented. The Chief Academic Officer also helps the Board achieve its oversight responsibilities and goals, by keeping the Board well informed on educational, student achievement, staffing, managerial, fiscal, and other matters.

Furthermore, the Chief Academic Officer will be available to work interactively with the Board on policies that are necessary to ensure the establishment and operation of a successful school.

The Chief Academic Officer will report to the Board as necessary, on fiscal, educational and related issues; and will also oversees personnel matters regarding employee files, statements of hire, payroll, and benefits, coordinates and oversees all services provided by outside contractors and vendors, is responsible for all financial transactions and record keeping.

The Chief Academic Officer will employ additional school staff to assist with adequately fulfilling all aspects of school management, including those individuals with specialized knowledge in areas of school finance and information management. When appropriate, the Chief Academic Officer will also employ contracted business organizations who will support the management personnel in the most effective means.

Principal's major responsibilities:

Provides direct and hands-on leadership in the organization with the development and supervision of all instructional programs.

Provides indirect leadership of all non-instructional programming.

Ensures compliance with state, federal and local laws and with the CH-POM.

Sets the priorities for budgeting, in conjunction with the Network Director, Christel House International staff and the Board of Directors.

Coordinates and supervises community based support programs.

Monitors and evaluates the performance of teachers and staff.

Monitors and evaluates the performance of student(s) using formal and informal data.

Promotes and implements research based best practices.

Provides mentoring and guidance to teachers and other instructional staff.

Assists in the development and implementation of professional development activities / programs related to the instruction.

Cooperates in establishing positive relations between home, school, and the community in order to create an effective public relations program.

Oversees substitute teachers and ancillary staff.

Engages in outreach activities to enhance programs and operations.

Works with the other staff to enforce the rules and regulations using various disciplinary measures including, but not limited to, parent/student conferences.

Ensures the needs of parents and students are met within the organization.

Monitors all equipment maintenance requests and transportation activities.

Monitors and evaluates the performance of teachers and staff.

Ensures the school's climate is inviting and conducive to teaching and learning.

Social Worker's major responsibilities

1. Planning and Development:

- a. Assisting in the formulation of administrative procedures, policies, and curriculum which directly affect the welfare of students.
- b. Develops school social work objectives.
- c. Assists in the development of plans that will improve the quality of services that agencies provide to students based on assessed needs.

2. Service to Students:

- a. Providing individual or group counseling for children who are experiencing problems in school, home, or community adjustment with an emphasis upon early intervention.
- b. Encouraging and assisting families in their pursuit of community services that may assist in the remediation of school centered problems.

3. Services to Parents:

a. Assisting parents in preventing problems by facilitating communication with the school.

b. Assisting parents to understand problems experienced by their children. This is accomplished through home visits, group counseling, parent training and referrals to community services.

4. Services to Teachers:

a. Providing collaboration and consultation regarding student problems and coordinating plans and actions to meet them.

b. Facilitating the involvement of community agencies in efforts directed toward the remediation of student problems in school adjustment.

d. Provides professional development to teachers

5. Services to the Community:

a. Meeting with individual and community groups to explain school programs and student problems.

b. Assisting community agencies in their understanding of student clients.

6. Program Administration:

a. Maintaining records of all services provided.

b. Maintaining reports of work with students to include social histories, adaptive behavior, reports of differential diagnoses and prescriptions of truancy reports.

c. Provides reports to appropriate local, state, and federal agencies.

Teachers' major responsibilities:

- Teaches assigned subject matter to students
- Instructs students in citizenship
- Develops lesson plans and instructional materials and provides individualized and small group instruction in order to adapt the curriculum to the needs of each student.

- Uses a variety of instruction strategies, such as inquiry, group discussion, lecture, discovery, etc.
- Translates lesson plans into learning experiences so as to best utilize the available time for instruction.
- Establishes and maintains standards of student behavior needed to achieve a functional learning atmosphere in the classroom.
- Evaluates students' academic and social growth, keeps appropriate records, and prepares progress reports.
- Communicates with parents through conferences and other means to discuss students' progress and interpret the school program.
- Identifies student needs and cooperates with other staff members in assessing and helping students solve health, attitude, and learning problems.
- Supervises students in out-of-classroom activities during the school day.
- Administers group standardized tests in accordance with state testing program.
- Participates in curriculum development programs as required.
- Participates in faculty committees and the sponsorship of student activities.

Also Attached are:

Network Organizational Chart

School Level Organizational Chart

ATTACHMENT 11 CORE CURRICULUM SCOPE AND SEQUENCE

Elementary Program

Math

Kindergarten

Students work in small instructional groups and centers while being introduced to formal Math education. They learn the value of numbers, to count, draw and write numbers symbolically and pictorially up to 20. They learn to add and subtract for numbers less than 10 and to explain their work. Students create, extend and give the rule for simple patterns with numbers and shapes. They identify, describe, sort, compare and classify objects by shape, size, number of vertices and other attributes. They make direct comparisons of the length and weight of objects and recognize which object is shorter, longer, taller, lighter or heavier. They tell time to the hour and learn to identify and add coins.

First

First Grade continues math skills learned in Kindergarten by counting, reading, writing and comparing whole numbers up to 100. They solve addition and subtraction problems up to 100 pictorially and symbolically and in story problems. They become fluent in with their addition and subtract facts, fact families and can solve equations. Students create, extend and give a rule for number patterns using addition. They solve problems using the identity principle for addition and subtraction. They learn to identify, describe, compare, sort and draw triangles, rectangles, squares and circles. They use estimate and measure objects using non-standard standard means of measuring and can measure to the nearest inch and centimeter. They tell time every quarter of an hour and add coins up to \$1.00.

Second

Students understand the value, compare, identify, add and subtract numbers up to 1000. They understand and use the commutative, inverse, and associative property of addition and subtraction. They can solve and create single and multi-step addition and subtraction word problems. They recognize, create, extend and give a rule for number patterns using addition and subtraction. They recognize, identify and describe attributes of common shapes and solids. Second grade extends their first grade measures to include feet, yards, centimeters and meters and learns to select the correct measures

Third

Students continue second grade learning and extend it to include number up to 10,000. They can represent and compare fractions with pictures, symbols and numbers, in addition to identifying them as part of a whole, group or on a number line. They understand the meaning of multiplication and division of whole numbers and show the relationship between them. They can also write and solve equations involving multiplication and division. They solve problems using the identity principle of multiplication. They can identify, describe and draw points, lines and line segments.

Fourth

In addition to building on their third grade skills, fourth grade learns to interpret and model decimals as parts of a whole, parts of a group, and points and distances on a number line. They are fluency with basic multiplication and division facts. They can multiply numbers up to 3-digit numbers by two-digit numbers. Students will demonstrate, identify, addition and subtraction of simple fractions. They will demonstrate and use the commutative, identity, associative, and distributive property for multiplication. Students enjoy identifying, describing and drawing parallel and perpendicular lines and right, acute, obtuse and straight angles and finding and using the perimeter and area of rectangles, including squares.

Fifth

Fifth grade students continue to build on fourth grade skills by demonstrating an understanding of and using standard algorithms for multiplication and division of whole numbers. They learn to compare fractions and decimals and to convert between the two. With fractions they add and subtractive like, unlike denominators and mixed

numbers. They relate addition and subtraction of decimals to money. Two – dimensional coordinate grids are introduced and students draw a line using given coordinates. They will measure angles; describe angles in degrees; and identify, classify and draw polygons and triangles. Additionally, they will find and use the perimeter and area of triangles, parallelograms and trapezoids, and the surface area and volume of rectangular prisms.

Sixth

Sixth grade students develop and understanding of and apply the concept of positive and negative numbers. They become proficient at adding, subtracting, multiplying and dividing positive and negative integers, decimals, and fractions. They will plot positive and negative numbers, fractions and decimals on a number line. Students will create and solve word problems involving percents, decimals, and fractions and convert between the 3 forms. Represent numbers as fractions, decimals and percents. Write and solve one-step equations and inequalities in one variable. Finding and using the circumference and area of circles and the surface area of right prisms and cylinders is introduced, as well as constructing, analyzing, and justifying the use of different ways to plot data. Students find and compare the mean, median and mode for a set of data and explain which measure is most appropriate in a given context. They enjoy the activities that explore probability.

Seventh

Seventh grade uses proportions and percents to solve application problems involving the increase of a quantity and the decrease of a quantity. They will solve problems involving percents, ratios, rates and similar triangles. They will evaluate numerical expressions and simplify algebraic expressions involving rational and irrational numbers, write and solve two-step equations and inequalities in one variable, and find the slope of a line from its graph and relate the slope of a line to similar triangles. Students identify and use transformations. They begin to understand that when all outcomes are equally likely, the theoretical probability of an event is the fraction of outcomes in which the event may occur, and use theoretical probability and proportions to make predictions.

Eighth

Eighth grade uses the laws of integer exponents and evaluate expressions with negative integer exponents. Students are comfortable calculating square roots, and using the inverse relationship between squares and square roots. They will write and solve multi-step equations and inequalities in one variable. Students translate among tables, equations, verbal expressions and graphs. Students demonstrate competency with a basic compass and straightedge constructions, and justify the constructions.

They identify properties of geometric objects. Eighth grades use the Pythagorean Theorem and its converse to calculate lengths of line segments. They solve simple problems involving rates and derived measurements like speed and density. Students will analyze the strengths and weaknesses of each method and the possible bias in samples or displays. They will use mean, median, mode, upper and lower quartiles, and range of data to compare data sets. They can organize and display data to analyze central tendencies of data, investigate effects of change in data values on the measures of the central tendency of the set of data, display data in scatter plots and informally find lines of best fit.

Algebra I

Algebra I student will translate among tables, graphs, words and equations. They will write a linear function in slope-intercept form, determine the equation of a line given sufficient information, solve pairs of linear equations in two variables by graphing, substitution or elimination, and solve problems that can be modeled using pairs of linear equations in two variables. Algebra I students solve quadratic equations by graphing, factoring and using the quadratic formula. They graph quadratic functions and understand the relationship between its zeros and the x-intercepts of its graph and solve problems that can be modeled using quadratic equations. They demonstrate competency solving equations involving rational expressions, simplify radical expressions involving square roots, and solve equations that contain radical expressions on only one side of the equation and identify extraneous roots when they occur. They will distinguish between random and non-random sampling methods identify possible sources of bias in sampling, describe how such bias can be controlled and reduced, evaluate the characteristics of a good survey and well-designed experiment, design simple experiments or investigations to collect data to answer questions of interest, and make inferences from sample results.

Reading Instruction

Teachers facilitate learning by utilizing a variety of classroom formats to differentiate instruction. These include but are not limited to whole group, small group and one to one instruction; pairs and partners; learning teams and learning stations. To maximize learning, teachers and interventionists collaborate, using student data from formal and informal assessments and observations, to organize student groupings.

Scaffold support is provided throughout the lesson. During whole group instruction the teacher explains the lesson objective, introduces and models the skill or strategy and provides teacher supported student practice. This portion of the lesson has a high degree of teacher support. Small groups and learning stations occur simultaneously following whole group instruction. In small group instruction the teacher and

interventionist work with a homogeneous group of four to six students. The instruction is focused specifically to the needs of the group and the level of teacher support is high. While the teacher is working with small groups the rest of the class is engaged in Learning Stations. Learning stations provide opportunities for practice of skills and strategies that have already been taught but not yet mastered. Students in learning station are grouped heterogeneously. This grouping provides a natural support by including students of all abilities. To meet individual needs, teachers differentiate the activity in the learning stations based on need. The teacher chooses the skill or strategy for each station based on assessment data, state standards and best practices. Students are expected to work independently or as a member of a learning team to complete activities or tasks. Sharing is an important culminating activity. The sharing time is an opportunity for the teacher to receive feedback from the students regarding the implementation and engagement of the activity. Although the level of teacher support is low, student accountability is demonstrated through discussions during sharing time, presentations and finished products.

Christel House Academy has adopted the Macmillan/McGraw-Hill Treasures reading curriculum for K-5 classrooms. 6-8 classrooms use the Glencoe series for reading instruction. There many different supplemental materials that are used for small group instruction and interventions. These include Read Naturally, Read Well, Trophies, and the Sundance Comprehension Strategies Kit fro 1st-3rd Grade and text sets.

Interventionists are employed to provide additional instruction outside of the 90 minute reading block to students who are identified as struggling readers through testing data including DIBELS, TRC, Acuity and ISTEP, as well as teacher observations and recommendations. Each student who has been identified as being in need of Tier 2 support receives 20 additional minutes of reading instruction by the interventionist daily, and students identified as needing Tier 3 support are provided with 30 additional minutes of reading instruction. Students are also offered bi-weekly opportunities for Waterford after school based on teacher recommendation in grades K-2.

Writing Instruction at Christel House

The school is working closely with the Indian Partnership for Young Writers in developing an inquiry based writing program. The structure of the Writers Workshop is as follows:

1. Mini lesson
 - 1) Making a Connection (access prior knowledge and introduce the teaching point or goal of the mindless)
 - 2) Teaching (the actual lesson)

- 3) Active Engagement (practice through discussions and partner talking)
- 4) Link (putting the mini lesson into the larger context of what the writers will be doing)
2. Time to Write and Confer (The ‘meat’ of the lesson students are writing as teachers are rotating the room to confer with individuals and in small groups. This is the time when teachers are learning the needs and strengths in her classroom and can use the information from conferences to drive the study forward.)
3. After-the-Workshop Share (Reflects on the lessons and celebrates student writing)

Units of study in the writer’s workshop include: Personal Narrative, Poetry, Memoir, Literary Nonfiction, Memoir, Commentary, Punctuation, Test Taking (Writing to a Prompt), Essays, Brochures, How to Books, List Books etc...

Social Studies K-8

Kindergarten

Social Studies Alive! Me and My World explores the relationships in students’ lives with their families, friends, teachers, and neighbors. Students explore ways to get along with others and how to solve problems. They learn that people live differently in different places and that they can help care for the world. Students practice the lessons they learn in activities such as creating “Who Am I?” books and identifying ways to help reduce waste in the environment.

First

Social Studies Alive! My School and Family introduces the structures of schools and families. Students learn how to get along with classmates, follow school rules, and identify people who work at a school. They learn about family traditions and the ways in which family members interact and change. They apply their learning in hands-on activities such as categorizing photographs of family members and acting out the roles of school staff.

Second

Social Studies Alive! My Community teaches students the basics of geography, economics, and citizenship in the context of learning about their local community. Readings are reinforced by activities that develop a wide range of skills. These skills include designing a community within the classroom, making a simple toy using assembly-line techniques, and acting out people’s experiences in different time periods.

Third

Social Studies Alive! Our Community and Beyond broadens students’ awareness about the local and global communities in which they live. They learn the basics of geography

in order to locate communities on a globe. They learn about different cultures and public service roles. Through activities such as forming human monuments to commemorate contributions of community members, students solidify their grasp of the responsibilities within communities.

Fourth

4th grade students focus on Indiana History. Students will understand the development of Indiana and how it became a state. Students will learn how the constitution plays into the structure of Indiana's government. Students will understand the climate of Indiana and discover the characteristics of Indiana's economy.

Fifth

Social Studies Alive! America's Past covers American history from the first migrations into the Americas through the 20th century. Intense interaction with the personalities, places, and events that structured our nation leads students to be both keen observers of and informed participants in U.S. History.

Sixth

History Alive! The Ancient World introduces students to the beginnings of the human story as they explore the great early civilizations of Greece, and Rome. Students discover the secrets of these ancient cultures that continue to influence the modern world. They also use *History Alive! The Medieval World* from the decline of feudalism to the revolutions in science, exploration, and thoughts that are the foundations of our modern world. Students will discover rich connections to the past.

Seventh

InspireEd curriculum for Australia, Asia, Africa, and the Middle East. They also supplement with variety of resources such as: student workbooks, atlases, globes, etc. They study the geography of Australia, Asia, Africa, and the Middle East. They also study the history, government, and economics from ancient to modern times in Australia, Asia, Africa, and the Middle East.

Eighth

History Alive! The United States immerses students in a powerful journey through the history of the United States from its earliest foundations to the twentieth century. Students examine the philosophies, conflicts, and cultures around which the early nation developed through the Civil War.

SCIENCE

K-5 utilizes the FOSS program that is correlated to human cognitive development. The activities are matched to the way students think at different times in their lives. The research that guides the FOSS developers indicates that humans proceed systematically through predictable, describable years, and that students learn science best from direct experiences in which they describe, sort, and organize observations about objects and organisms. Upper elementary students construct more advanced concepts by classifying, testing, experimenting, and determining cause and effect relationships among objects, organisms, and systems.

FOSS investigations are carefully crafted to guarantee that the cognitive demands placed on students are appropriate for their cognitive abilities. Developmental appropriateness and in-depth exposure to the subject matter with multiple experiences give FOSS its "horizontal curriculum" characters (numerous activities that provide a great variety of experiences at a cognitive level) as opposed to a "vertical curriculum" design (activities that attempt to take students to inappropriately complex and abstract levels of understanding). A horizontal curriculum provides challenges for all students and results in a much deeper understanding of the subject.

This is a list of kits that the K-5 students use. This correlates to the standards that they have for Science. The FOSS program uses many different strategies to incorporate science in our school. It uses inquiry, hands on and active learning, multisensory methods, student to student learning, and discourse and reflective learning.

SCIENTIFIC THINKING PROCESSES

FOSS uses thinking processes AND it has organized them into a developmental sequence specifically related to cognitive stages.

- b. OBSERVING-using the senses to get information
- c. COMMUNICATING-talking, drawing, acting
- d. COMPARING-pairing, one-to-one correspondence
- e. ORGANIZING-grouping, serializing, sequencing
- f. RELATING-cause and effect, classification
- g. INFERRING-super ordinate/subordinate classification, if/then reasoning, developing scientific laws
- h. APPLYING-developing strategic plans, inventing

The academic sources emphasize that:

1. Learning moves from experience to abstractions. FOSS modules begin with hands-on investigations, then move students toward abstract ideas related to those investigations using simulations, models and readings.
2. A child's ability to reason changes over time. FOSS designs investigations to enhance their reasoning abilities.
3. Fewer topics experienced in depth enhance learning better than many topics briefly visited. FOSS provides long-term (8-10 weeks) topical modules for each grade level, and the modules build upon each other within and across each strand, progressively moving students toward the grand ideas of science. The grand ideas of science are never learned in one lesson or in one class year

This is a list of kits that the K-5 students use. This correlates to the standards that they have for Science.

Grade level Breakdown:

Kindergarten

Animals Two by Two

Wood and Paper

Trees

Fabric

Properties

First

Solids and Liquids

Observing an Aquarium

Solids and Liquids

Balance & Motion

Air & Weather

New Plants

Investigating Water

Finding the Moon

Second

Insects

Pebbles, Sand, Silt

Amazing Air

Force of Motion

Weather Watching

Classroom Plants

States of Matter

Length & Capacity

Butterflies & Moths

Third

Investigating Water

Human Body

Sound

Structures of Life

Ideas and Inventions

Solar System

Dinosaur & Fossils

Weather Instruments

Looking at Liquids

Fourth

Earth Materials

Measuring

Plant & Animal Life Cycles

Small Things & Microscopes

Magnetism & Electricity

Pond Life

Oceans

Food Chains and Webs

Fifth

Solar Energy

You and your body

Simple Machines

Environments

Models & Designs

Mixture & Solutions

Flight & Rocketry

Variables

Sixth - Eighth

Students 6-8th uses The SciencePlus Technology and Society Program which helps student drive science in the way students learn best: by thinking, talking, and writing about what they do and discover.

Students will:

- Recognize the impact of science and technology on everyday life by doing an array of experiments, lab and group work, some lecture, dissections, and use of current events to learn about new developments in science.

- Participate in activity and inquiry-based learning both hands-on and minds-on

- Devote 30-40% of class time to laboratory-type activities

- Remaining time used for a variety of other learning experiences

This program is engaging and real world experience based while emphasizing concept and skill development over memorization of facts. It is relevant to the students' world

and challenges students' thinking skills with the introduction of realistic methods of science.

Grade Level Breakdown:

Sixth

Science and Technology

Patterns of Living Things

Microorganisms

Matter and Physical Properties

Chemicals

Energy

Temperature and Heat

Earth and its changes

Seventh

Biosphere, Biomes, Environment

Modern Life, Evolution of Diversity

Solutions

Force and Motion

Architecture in Cultures

Earth and its layers

Universe

Plants

Eighth

Chemistry

Particles

Machines, Work, and Energy

Oceans and Climates

Electromagnetic Systems

Sound

Light

Heredity, Genes, Chromosomes

We have a school wide science fair in February for K-8 participation. The winners from each grade level also have a chance to attend the regional science fair in which they will compete against other schools.

High School Program

Christel House High School will follow an instructional calendar that mirrors Christel House Academy's K-8 program (mid-August through late-June). Hours of operation will be 8:00 a.m.-4:00p.m. with extracurricular opportunities (including basketball, soccer, golf and orchestra) from 4:00-6:00 p.m. Additionally, distance learning opportunities which may extend the regular school day or school year are under consideration.

Christel House students will be expected to show mastery in all subject areas. In addition to attaining passing scores on class work, students will be expected to meet minimum expectations on standardized assessments. Acuity testing will be used to assess student progress in meeting state standards relative to graduation requirements-- while currently only available in mathematics, we expect other subjects to come online shortly. Locally created assessments will track student progress in meeting the adopted curriculum. PSAT scores will further be monitored to track growth.

Analysis of formal and informal data points will drive teacher assessment in key areas. Teachers will modify lesson plans to address areas in need of improvement.

For students performing below standard, Christel House High School will follow a 'response to intervention' plan using the same strategies that have proven successful in grades K-8.

Christel House High School will follow an Expeditionary Learning approach that will reflect state and international standards in the key learning areas described below.

Foreign Language Program

A key element of the global culture curriculum is a commitment to second language proficiency. Because every indicator of population trends suggests that Spanish will become a more widely spoken language in this country during our students' lifetimes,

CHA has chosen to emphasize Spanish language instruction, beginning at kindergarten. CHHS will continue to emphasize Spanish instruction through the use of a language lab. Graduating students will take qualifying tests at the end of high school to allow them to enter into advanced Spanish level classes at the post high school level.

For linguistically talented students, third language acquisition instruction will be provided via distance learning and computer aided learning using the language lab.

Language Arts

Because strong reading and writing skills must exist within the context of all other academic subjects, Language Arts will be the most integrated subject. Unlike other high schools that allow for poor language skills outside of the English classroom, CHHS's focus will be to develop literacy within the context of science, humanities and social studies.

Organized in a combination of intensive, supportive and expedition classes, students will spend all four years working to become successful readers, writers, listeners, speakers and thinkers. The emphasis is on language skills that aid students in understanding and responding to what they hear, read and experience. It encourages students to use relevant vocabulary, correct grammar, spelling and punctuation, and to demonstrate a sense of style and an awareness of audience.

Exposure to culturally-rich literature will be emphasized. Exploring texts beyond surface meanings to show deeper awareness of ideas and attitudes will be a key feature of CHHS's reading programming.

During a ten-day program that opens the school year for the ninth graders, students will be immersed in writing, preparing them to respond personally and carefully to the literature they study. This intensive program sets the stage for the quality of integrated writing that is expected within other subjects.

In the students' second year, we will ask them to read more precisely, think more independently and write more formally. However, much emphasis will still be placed on developing these skills to ensure students can respond in a variety of media.

During the third and fourth years, language arts instruction will be highly integrated into other academic disciplines, ensuring students can apply reading and writing

Science

Yearly science expeditions will work to teach scientific principles and motivate students to explore the application, relevancy and importance of science in the 21st Century.

Learning expeditions in Biology will offer first year students a combination of theoretical and practical studies leading to an understanding of the concerns and basic principles of biology, with an emphasis on human biology. Using Indiana's wealth of Life Sciences resources, students will be connected to contemporary issues both locally and internationally.

Learning expeditions in Chemistry will offer a practical study and understanding of the basic principles of chemistry. Students will develop scientific skills relevant to the study of applied chemistry using a lab and field based approach.

Learning expeditions in Physics will offer a combination of theoretical and practical studies. Students will understand the basic principles of Thermal Physics, Electricity and Magnetism, Light and Sound and Atomic Physics in real world applications.

During senior year, students will engage in a Twenty-First Century Science class emphasizing scientific literacy – the knowledge and understanding which graduating students need to engage, as informed citizens, with science-based issues around the world. This class will use contemporary and relevant issues of interest to students which can be approached through a range of teaching and learning activities.

Students will:

1. Recognize the impact of science and technology on everyday life;
2. Make informed personal decisions about issues and questions that involve science;
3. Understand and reflect on the information included in (or omitted from) media reports and other sources of information in a local and international context.

Mathematics

High school students will focus on International Mathematics during all four years. This approach is two pronged.

First, students will follow the Singapore Model Method for Learning Mathematics (or similar) for problem solving during their intensive classes. Singapore is widely considered to be a global leader in mathematics and this model provides a

structured pedagogical strategy focusing on the development of mathematical thinking for problem solving.

Math expeditions will focus on the interconnectedness of math in the outside world. Key components will be based on Cambridge IGCSE International Mathematics assessment objectives. Solving problems by applying combinations of mathematical skills and techniques, students will:

1. Use investigation, analysis, and deduction to develop an appropriate strategy;
2. Recognize patterns and structures and form generalizations;
3. Draw logical conclusions from information and understand the significance of statistical results;
4. Use the concepts of mathematical modeling to describe a real-life situation and draw conclusions;
5. Organize, interpret and present information in written, tabular, graphical and diagrammatic forms, using the correct notation and terminology;
6. Use statistical techniques to explore relationships in the real world;
7. Make effective use of technology.

Integrated into the math program, special emphasis will be placed on the development of financial literacy and computational skills. Programs such as Junior Achievement's Finance Park will provide opportunities to apply these skills in real world simulations.

Humanities and Social Sciences (Global Studies)

With a focus on the global processes of change from the eighteenth to the twentieth centuries, students will spend the first two years developing a broad understanding of the kinds of critical issues facing the world today. Development of a strong sense of geography and cultural understanding will be key traits that differentiate CHHS's programming from other traditional high school curricula.

Junior level students will focus on domestic issues facing the United States. Developing a keen understanding of the United States government and political activism will be central to the expeditions at this level.

In their senior year, expeditions will focus on the political, economic, social and cultural dimensions of global conflict and cooperation. Final senior projects will demonstrate students' economic and geographical awareness and understanding

of the inequalities and complex processes that shape current events in the modern world in light of de-colonization and nationalism.

Special emphasis will be placed on weaving in opportunities to discuss and learn about the social and economic issues of students at other Christel House locations around the world.

Technology

Technology is considered to be a key tool in communicating and demonstrating knowledge in CHHS. Students will receive instruction in technical skills required to make original digital work. This line of technical study, much of which will use industry-standard technologies, will assist students in creating digital portfolios, which will help students gain admission to college programs.

Fine Arts

Having established a solid foundation of skills and knowledge in the fine arts during the elementary years, high school students will have many opportunities to develop and refine artistic passions.

Using community based resources from Butler University, the University of Indianapolis, the Indianapolis Civic Theater and other local organizations, CHHS will become the coordinating hub for talented artists to share their craft with students. Taking a specialist approach, students will have opportunities to learn about visual and performing arts, as well as the logistical and technical skills needed to manage and produce artistic programs. Performances and culminating displays of art will be the center piece of CHHS's complementary Fine Arts programming.

Student Apprenticeships & Internships

At the 11th and 12th grade levels, students will participate in field experiences where they receive practical training and experience. It is envisioned that a special relationship will be established with the City of Indianapolis to offer opportunities for students to participate in a wide variety of jobs, representing all facets of city government and administration.

Students will select to enter into an Internship Program or Apprenticeship Program.

In the Internship Program, students will receive opportunities to establish solid work related skills and habits. Internship placements will focus on professional positions within city government.

In the Apprenticeship Program, students will participate in industry-driven education and career training programs with the City of Indianapolis. This program may enable students to gain a vocational and technical qualification while completing school studies.

In addition to participating in work experiences, students will receive direct instruction in comportment and business etiquette that they will be expected to apply during these internships or apprenticeships.

Special Education

All students require support in order to thrive and to gain full benefit from their school experience. Some students have special needs that require support beyond those ordinarily received in the school setting. At the Academy, students who have behavioral, communicational, cognitive, and physical or multiple exceptionalities may have educational needs that cannot be met through regular school practices. These needs may be met through accommodations, and/or an educational programming that is modified by using a formal Individual Education Program Plan. These students are formally identified as special education pupils through a Case Conference procedure, as specified in Indiana Article 6 and the Individuals with Disabilities Education Improvement Act.

Christel House Academy employs special education teachers and contracts with local providers to meet the needs of students with an Individual Education Program Plan (IEP), enrolled at Christel House Academy.

The Academy is committed to following all state and national laws pertaining to special education students.

English as a Second Language (ESL)

The Academy works to accommodate English Language Learners (ELL) through specialized ESL programming. All students who speak a first language, other than English, at home are assessed using LAS-Links. From this test, an instructional recommendation level is applied to each student.

All students participate in the core Language Arts program and instructional modifications are made as necessary. Students with a high level of ESL needs are taught in a separate pull out class. Students with minimal ESL needs receive push-in services. Much like Special Education philosophy, staff aims for a least restrictive environment to deliver instruction.

Health & Wellness

Being healthy physically and mentally is a basic pre-requisite to learning and quality of life. Christel House Academy provides a solid foundation for nutrition by offering a healthy breakfast, lunch and afternoon snack.

The Academy participates in the USDA National School Lunch Program (NSLP), a federally assisted meal program operating in public and nonprofit private schools and residential child care institutions. It provides nutritionally balanced, low-cost or free lunches to children each school day.

The school meals are provide by a selected food management company that must employ registered dietitians who are able to meet the Dietary Guidelines for Americans.

Students have access to an onsite nurse from Community Hospitals, as part of a Learning Well grant, who works on getting students back to class or helps parents when children need medical care. Vision and hearing screenings are provided by the Marion County Health Department and the school nurse. Immunizations, as governed by state law, are monitored and facilitated by the school nurse.

The Academy follows a coordinated school health program (CSHP) model.

Health & Wellness Education:

A planned, sequential, K-12 curriculum that addresses the physical, mental, emotional and social dimensions of health. The program is designed to motivate and assist students to maintain and improve their health, prevent disease, and reduce health-related risk behaviors. It allows students to develop and demonstrate increasingly sophisticated health-related knowledge, attitudes, skills, and practices. The program includes a variety of topics such as personal health, family health, community health, consumer health, environmental health, sexuality education, mental and emotional health, injury prevention and safety, nutrition, prevention and control of disease, and substance use and abuse.

Physical Education:

A planned, sequential K-12 curriculum that provides cognitive content and learning experiences in a variety of activity areas such as basic movement skills; physical fitness; rhythms and dance; games; team, dual, and individual sports; tumbling and gymnastics; and aquatics.

ATTACHMENT 12

EXIT REQUIREMENTS

Standards Based Grades

Students at Christel House Academy receive scores based on mastery of standards rather than on specific assignments. This helps separate true academic achievement from a student's effort and behavior. Grades are based on a 4-point scale.

Primary School

To ensure students have basic literacy and numeracy skills necessary for future learning:

1. Students are tracked using Wireless Generation's DIBELS (Dynamic Indicators of Basic Early Literacy Skills) assessments. These assessments provide interim measurements, leading to the expectation that all students must read at grade level by the end of 3rd grade. Using the IREAD3 assessment, all students must: 1) earn a passing score, or 2) have accumulated a preponderance of interim assessment data demonstrating the ability to read at grade level.
2. Students are tracked using Wireless Generation's mCLASS:Math assessments. These assessments provide interim measurements, leading to the expectation that all students must be numerate by the end of 3rd grade. Teachers compare mClass assessment data with course level assessment data. Students are color-coded based on this assessment data. A 'green' student is operating at or above grade level expectations. A 'yellow' student is an at-risk student operating marginally below the expectation. A 'red' student is in need of intense remediation and operating significantly below expectation. By the end of 3rd grade, a student must have trend data showing math skills at or above expectations, or clearly demonstrated growth leading to attainment of 'green' within a 9 week period.

Elementary/Middle School

A symbolic shift occurs at the end of 6th grade, transitioning students into a fully departmentalized instructional program for middle school. However, middle school is

still considered elementary programming. Numerous 8th grade benchmarks must be attained in order to exit elementary school and enter high school.

Reading

As students advance through each grade, there is an increased level of complexity to what students are expected to read and there is also a progressive development of reading comprehension so that students can gain more from what they read. Students are expected to read a range of literature, as well as challenging informative texts, from an array of subjects. Students are expected to acquire new knowledge, insights, and consider varying perspectives as they read.

Writing

Writing is expected to demonstrate logical arguments based on claims, solid reasoning, and relevant evidence. Short, focused research projects, similar to the kind of projects students will face in their careers as well as long-term, in-depth research is an important piece of the writing standards by the end of 8th grade.

To determine the student's ability to meet 8th grade reading and writing standards, teachers will:

- 1) Assess students on an ongoing basis, following state standards, with a particular focus on comprehending texts associated with other grade level content. Over the course of the year, a student must attain passing scores within each core standard associated with reading.
- 2) Following a Writers Workshop approach, writing samples are collected and reviewed to ensure each student have the ability to write at grade level in a variety of formal and informal settings, and that those samples demonstrate clear and critical thinking skills. Over the course of the year, a student must attain passing scores within each core standard associated with writing.
- 3) Using ISTEP+, teachers compare in course assessment data with state testing results to ensure a student's reading & writing performance meets expectations for secondary level work.

Mathematics

By the end of 8th grade, students are expected to show competencies in Four domains:

- Operations and Algebraic Thinking;
- Number and Operations in Base 10;
- Measurement and Data;
- Geometry

Understanding the depth and complexity needed in mathematics by the end of 8th grade, Carnegie Learning assessments are using to track achievement in showing competencies in each domain. Students must show competency in the following:

Approximations of Square and Cube Roots

- Approximating Square Roots
- Approximating Cube Roots

Simplification and Operations with Radicals

- Simplifying Radicals
- Adding and Subtracting Radicals
- Multiplying Radicals

Rational and Irrational Numbers

- Creating Number Line Models
- Ordering Rational and Irrational Numbers

Pythagorean Theorem

- Using the Pythagorean Theorem
- Calculating the Lengths of Sides of Special Right

Triangles

Distance in the Coordinate Plane

- Finding Distance Using Pythagorean Theorem
- Finding Distance Using the Distance Formula

Translations of Plane Figures

- Identifying Translations

Rotations of Plane Figures

- Rotating Plane Figures

Reflections of Plane Figures

- Reflecting Plane Figures

Dilations of Plane Figures

- Dilating Plane Figures

Geometric Transformations

- Performing One Transformation
- Performing Multiple Transformations

Similar Triangles

- Finding Corresponding Parts of Similar Triangles

Lines Cut by a Transversal

- Classifying Angles Formed by Transversals
- Calculating Angles Formed by Transversals
- Calculating Angles Formed by Multiple

Transversals

Parallel and Perpendicular Lines

- Modeling Parallel and Perpendicular Lines

Angles and Triangles

- Calculating and Justifying Angle Measures
- Calculating Angle Measures

Linear Equations with Variables on Both Sides

- Checking Solutions to Linear Equations
- Solving Linear Equations (type in)
- Solving with Integers (no type in and type in)
- Solving Linear Equations with No Solutions and Infinite Solutions (no type in)
- Solving with Decimals (no type in and type in)

Systems of Linear Equations Modeling

- Modeling Systems of Linear Equations

Linear System Solving Using Substitution

- Solving Linear Systems Using Substitution

Linear System Solving Using Elimination

- Solving Linear Systems Using Elimination

Properties of Exponents

- Using the Product Rule
- Using the Quotient Rule
- Using the Power to a Power Rule
- Using the Product to a Power Rule
- Using the Quotient to a Power Rule
- Using Properties of Exponents with Whole

Number Powers

Zero and Negative Exponents

- Simplifying Expressions with Negative Exponents
- Using Properties of Exponents with Integer

Powers

Scientific Notation

- Using Scientific Notation with Whole Number and Positive Exponents
- Using Scientific Notation with Decimals and Positive Exponents
- Using Scientific Notation with Whole Number and Negative Exponents
- Using Scientific Notation with Decimals and

Negative Exponents

- Using Scientific Notation
- Comparing Numbers Using Scientific Notation

Volume & Surface Area of Cylinders, Cones, & Spheres

- Finding Volume of Cylinders
- Finding Surface Area of Cylinders
- Finding Volume of Cones
- Finding Surface Area of Cones
- Finding Volume of Spheres
- Finding Surface Area of Spheres

Scatter Plots

- Reading Scatter Plots

Lines of Best Fit

- Estimating Line of Best Fit
- Using Lines of Best Fit

Frequency and Relative Frequency

- Reading Visual Displays of Frequency Tables

High School

To receive a Christel House Academy Diploma, a student is required to successfully complete all core classes—4 years of math, language arts, science, and social sciences. The student must be proficient in one foreign language and must have passed four fine arts classes. Finally, students are required to have an acceptance letter to attend a 4 year college. It will be their choice whether or not to attend, but CHA

believes this requirement raises expectations and aspirations. These requirements exceed the state's requirements.

To ensure progress along the way, teachers regularly assess students using a variety of methods. These assessments help to ensure students move from one grade to the next with the essential skills needed to eventually earn a high school diploma.

Earning Credit

To determine whether a student has successfully completed a CHA course, the following rubric is applied:

If the score is...	4-3.5	3.4 – 3.0	2.9 – 2.5	2.4 - 0
This means the student...	Exceeds the majority of standards.	Meets the majority of the standards with some exceeding.	Meets the majority of the standards with some approaching.	Does not meet the majority of the standards.
Credit Awarded	Yes	Yes	Yes	No

A special education student will receive adaptation pursuant to an IEP, but unless he/she meets the above criteria, will receive a Certificate of Completion.

ATTACHMENT 13

CALENDAR AND SCHEDULE

A copy of the 2012-13 Academic Calendar for Christel House Academy in Indianapolis **is attached.** It is anticipated that the calendars of Network Schools will parallel this closely.

School Year Summary	Plan
First day of upcoming student school year (2010/2011)	Aug 2
Last day of upcoming student school year	May 24
Hours of operations per week excluding Saturday program - (minimum 40 hours per week)	7:00 – 5:45pm M-F (8am – 4pm)
Number of a student school days (minimum 200 days)	180
Saturday Program available? (<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No); if yes, hours of operation	8:30 – 12:00 Sat
Number of Saturday Program days	14
Summer School available? (<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No); if yes, hours of operation	7:30 – 5:00pm (8am – 4pm)
Number of Summer School days	20 (June 3 – 28)
Number and % of total student hours per week CH exceeds national requirements	26%
Number and % of total student days per year CH exceeds national requirements	Including summer and Sat., 34 days
Number and % of student hours per week CH exceeds national requirements for Math	No standardization
Number and % of student hours per week CH exceeds national requirements for Language Arts	No standardization

Notes:

Summer Term is required of all students who lack proficiency in any core academic class.

Absent a parent directed summer enrichment plan, Summer Enrichment is required of all other students.

This differentiated approach ensures all students receive a 200-day school year and that the time is spent engaged in something meaningful for each student.

Saturday STARS – built as a student support time, children self select + teachers recommend attendance. Tutoring occurs and access to learning resources is provided to any student who attends

Christel House Academy

2012-2013 ACADEMIC CALENDAR

MONTHS OF INSTRUCTION	SUN	MON	TUE	WED	THU	FRI	SAT	NOTATIONS	
August 2012	(29)	(30)	(31)	1	2	3	4	Aug 2 nd , first day for students	
	5	6	7	8	9	10	11		
	12	13	14	15	16	17	18		
	19	20	21	22	23	24	25	Aug 24 th , No School Staff Development	
	26	27	28	29	30	31			
								1	
September 2012	2	3	4	5	6	7	8	Sept. 3 – No School Labor Day	
	9	10	11	12	13	14	15		
	16	17	18	19	20	21	22		
	23	24	25	26	27	28	29	Sept 28, No School, Staff Development	
	30								
		1	2	3	4	5	6	Oct 5 th , end of the 1 st term	
October 2012	7	8	9	10	11	12	13	Oct 12, No School, Parent Teacher Conferences	
	14	15	16	17	18	19	20		
	21	22	23	24	25	26	27		
	28	29	30	31					Oct 29 th – Nov 2 nd , Fall Break
					1	2	3		
		4	5	6	7	8	9	10	
November 2012	11	12	13	14	15	16	17		
	18	19	20	21	22	23	24	Nov. 22-23 – No school Thanksgiving Break	
	25	26	27	28	29	30	1		
	2	3	4	5	6	7	8		
	9	10	11	12	13	14	15	Dec 10 th , No School Professional Development	
	16	17	18	19	20	21	22	Dec 21 st , End of term 2	
December 2012	23	24	25	26	27	28	29	Dec 24 th – Jan 4 th Winter Break	
	30	31							

MONTHS OF INSTRUCTION	SUN	MON	TUE	WED	THU	FRI	SAT	NOTATIONS
January 2013			1	2	3	4	5	
	6	7	8	9	10	11	12	Jan 11 th – No School, Staff Development
	13	14	15	16	17	18	19	Jan 18 th – No School, Parent Teacher Conference Day
	20	21	22	23	24	25	26	Jan 21 – No School Martin Luther King Day
	27	28	29	30	31			
February 2013						1	2	
	3	4	5	6	7	8	9	
	10	11	12	13	14	15	16	
	17	18	19	20	21	22	23	Feb. 18 – No School President's Day
	24	25	26	27	28			
March 2013						1	2	Mar 1 st , No School Staff Development
	3	4	5	6	7	8	9	
	10	11	12	13	14	15	16	Mar 15 th End of term 3
	17	18	19	20	21	22	23	
	24	25	26	27	28	29	30	Mar 29 th , No School Parent Teacher Conferences
April 2013	31	1	2	3	4	5	6	Apr 1 st – 5 th , No School Spring Break
	7	8	9	10	11	12	13	
	14	15	16	17	18	19	20	
	21	22	23	24	25	26	27	
	28	29	30					
May 2013				1	2	3	4	
	5	6	7	8	9	10	11	
	12	13	14	15	16	17	18	
	19	20	21	22	23	24	25	May 29 th , End of term 4
	26	27	28	29	30	31		May 27 – 28 th – No School Memorial Day Break May 30 th – 31 st – No School, Teacher Records & Staff Dev.
June 2013							1	
	2	3	4	5	6	7	8	Jun 3 rd – 14 th Summer Literacy Term
	9	10	11	12	13	14	15	
	16	17	18	19	20	21	22	Jun 17 th – 18 th Summer Numeracy Term
	23	24	25	26	27	28	29	Jun 28 th Last Day of School for Students
July 2013	30	1	2	3	4	5	6	



No School



Professional Development
No School (12)



Student Learning Conferences
No School (3)



Instruction
School (200)

ATTACHMENT 14

CHRISTEL HOUSE ACADEMY SCHOOL NETWORK ADMISSIONS / LOTTERY POLICY

General Policy

Christel House Academy Charter Schools will have an open admission policy. Admission to the school will not be based on intellectual or athletic ability, achievement or aptitude, ethnicity, national origin, gender, religion, disability, proficiency in the English language, or any other basis that would be unlawful if used by a school. Relevant state laws and regulations will precedence, at all times, in all decisions regarding applications.

Timeline

- First business day in January: Enrollment applications available
- March 31: Enrollment applications due
- Second Monday of April: Lottery will be held

Eligibility of New Students

Generally, any child/ student who is qualified under Indiana law for admission to a public school is qualified for admission to Christel House Academy.

Parents or Student must submit a completed application prior to March 31st to be eligible for the lottery process. A number of parent information meetings will be held for parents of students applying for a seat at the middle and high school level. Before a student in grades 6-8 is considered eligible to participate in the lottery, the parent must have attended one of these meetings where specific expectations for parents and students are clearly delineated and discussed. If, after the lottery, spaces are still available, additional parent information meetings may be scheduled.

Recruitment Plan

Advertising for the school will include printed materials, and /or newspaper and radio announcements that will continue throughout the enrollment period. The school will continue a recruitment effort within linguistic minority and racial minority communities throughout the community.

Applications for New Students

1. CHA will begin accepting applications from new students for the school year in January. Applications are due on March 31st.
2. Each eligible student who submits a complete and timely application shall be given an equal chance of admission. This notwithstanding, the school shall comply with all applicable laws and regulations that effect enrollment in a charter school
3. If more applications are received on or before the application deadline than spaces in a grade are available, the school will hold a lottery to determine acceptance and waiting list status as outlined below for the upcoming school year.
4. If a lottery is necessary, it will be held on **the first regular school day on the second Monday of April**. The time and place of the lottery will be announced in advance.

Several factors determine an applicant's acceptance into the school or placement on the waiting list.

Applicants who have siblings / relatives already enrolled in the school are given preference and moved to the top of the waiting list. Students who do not have siblings attending CHA follow on the waiting list.

If the number of applications received by the application deadline exceeds the number of available seats in a grade, all students who submitted applications for that grade prior to the application deadline, will have to go through the lottery process.

Using a computer program, all students are randomly assigned lottery numbers. These numbers indicate placement. The school will continue to admit students until all seats are filled.

Students who apply for admission after the lottery are placed at the end of the waitlist in the order received by the office.

Waiting lists do not carry over into the next school year.

For Kindergarten classes, there are new spaces available every year. For other grades, depending upon the number of students returning to the school and the number of sections opening for that grade, there are few, if any available spaces.

When determining available seats in grades 9-12, the principal will have the flexibility to determine the number of available seats based on the number of existing students matriculating to the next grade.

If a student has been accepted to the school but does not register within the appropriate time frame established by the Academy's principal, he or she is automatically withdrawn and the next student on the waiting list is invited to attend.

Applications for Re-enrollment

1. Students currently enrolled in and attending CHA and in good standing are eligible for re-enrollment in the following school year and are not required to go through the lottery process.
2. Students expelled from school are not eligible for admission consideration until the expulsion period has been completed.
3. Students who withdraw from CHA during the school year must reapply for admissions and will follow the procedures outlined above for new students.

ATTACHMENT 15

SCHOOL DISCIPLINE POLICIES (Excerpted from Student Handbook)

Computer/Internet Policy

Students are expected to follow the CHA core values while using all forms of Information Computer Technology at the school. Failure to follow these rules may result in loss of computer network privileges, detention, or suspension.

1. All computer equipment must be used carefully and students cannot damage, change or tamper with the hardware, software, settings or the network.
2. Students cannot use any form of electronic communication to harass, frighten, or bully anyone.
3. The computers and the Internet at CHA is for schoolwork only. Programs and websites must be approved by a teacher and students will not try to circumvent security and safety measures.
4. Passwords must be kept private.
5. Student will not send or display inappropriate messages or pictures.
6. Students who read or see something on the computer that is inappropriate must immediately report it to a staff member.
7. All students must obey copyright laws.
8. Students may not use personal email accounts or any personal electronic device at school except with the permission of a staff member.

Toys

Items such as collectable cards, playing cards, portable electronic devices - - *including radios, tape players, MP3 players, and mobile telephones* - - are not to be brought to school. If a student is found using any of these items during class time, the item is confiscated and may be turned over to the Principal (at the teacher's discretion). If a repeated violation occurs, the student's parent or guardian must pick up the item at the administrative office.

Telephone Calls, Mobile Telephones and Messages

Parents are asked to limit calling students at school to only urgent matters. To reach a student, parents should call the main school number (317)783-4690 and press '0' for the School Secretary. A message will be delivered to your child.

Cellular phones and other communication devices are not to be used in the classrooms and should not be used during the school day. Telephone messages will only be delivered in emergency cases. Students who ask and receive permission may use the school telephone.

Student Discipline

Christel House Academy student discipline policies and guidelines are executed in accordance with State laws.

Search and Seizure Policy

1. The School recognizes that the privacy of students and their belongings may not be violated by unreasonable search and seizure and directs that no student be searched without reasonable cause for a search.
 - a. As used in this policy, "reasonable cause for a search" means any circumstances, which would cause a reasonable person to believe that the search of a particular person, place, or thing will lead to the discovery of:
 - i. Evidence of a violation of the student conduct standards contained in the student handbook; or
 - ii. Anything, which, because of its presence, presents an immediate danger of physical harm or illness to any person.
2. All lockers and other storage areas provided for student use on school premises remain the property of the school and are provided for the use of the students subject to inspection, access for maintenance, and search pursuant to this policy. A student who uses a locker that is the property of a school is presumed to have no expectation of privacy in that locker or the locker's contents. No student shall lock or otherwise impede access to any locker or storage area.

Unapproved locks attached to any fixture in the school will be removed and destroyed.

3. The principal, or a member of administrative staff designated by the principal, may search a locker and its contents where either the person conducting the search or the person designating the search believes there is reasonable cause. The school reserves the right to conduct regular locker inspections for safety and hygiene reasons, or to conduct maintenance.
4. The principal, a member of the administrative staff, or a teacher may search a desk or any other storage area on school premises at will.
5. The principal, or another member of the administrative staff designated in writing by the principal and acting at the direction of the principal, may search the person of a student during a school activity if the principal has reasonable grounds for a search of that student.
 - a. Searches of the person of a student shall be limited to:
 - i. Searches of the pockets of the student,
 - ii. Any object in the possession of the student such as a purse or briefcase, and/or
 - iii. A “pat down” of the exterior of the student’s clothing.
6. Searches of the person of a student that require removal of clothing other than a coat, jacket or footwear shall be referred to a law enforcement officer in accordance with this policy, unless there is reasonable cause to believe there is an imminent threat to the health and/or safety of the student or others. A person of the same sex as the student being searched shall conduct searches of the person of a student in a private room. At least one, but not more than three, additional persons of the same sex as the student being searched shall witness, but not participate, in the search. At the request of the student to be searched, an additional person of the same sex as the student designated by the student, and then reasonably available on school premises shall witness the search. The parent or guardian of any student searched shall be notified of the search as soon as reasonably possible.
7. Anything found in the course of a search conducted in accordance with this policy which is evidence of a violation of the student conduct standards contained in the student handbook may, as deemed appropriate by school authorities, be:
 - a. Seized and admitted as evidence in any suspension or expulsion proceeding if it is tagged for identification at the time it is seized and kept in a secure place by the principal or the principal’s designee until it is presented at the hearing,
 - b. Returned to the parent or guardian of the student from whom it was seized,
 - c. Destroyed if it has no significant value, or

- d. Turned over to any law enforcement agency in accordance with this policy.
8. Anything found in the course of a search conducted in accordance with this policy which by its presence presents an immediate danger of physical harm or illness to any person may be seized and, as considered appropriate by school authorities, may be:
 - a. Returned to the parent or guardian of the student from whom it was seized,
 - b. Destroyed, or
 - c. Turned over to any law enforcement officer in accordance with this policy.
9. The principal, or a member of the administrative staff designated in writing by the principal, may request the assistance of a law enforcement officer to:
 - a. Search any area of school premises, any student, or any motor vehicle on school premises;
 - b. Identify or dispose of anything found in the course of a search conducted in accordance with this policy.

Detentions

Detention can be either lunch/recess detention or after school detention. Lunch/recess detention means that a student will miss lunch and recess time with the class, and will spend that time in the Detention Room eating his/her lunch alone and doing schoolwork. After-school detention means that the child will spend the next day after school from 4:00 – 5:15 p.m. in a supervised silent study hall. Parents will be notified when a child is assigned an after-school detention to ensure transportation home is arranged. Failure to fulfill the detention requirement will add another detention to the one not served.

When a student fails to respond to warnings and detentions, more serious measures will be taken to motivate the student to improve his or her behavior.

Suspension

The following behaviors may result in suspension:

- Fighting
- Biting
- Forgery
- Disrupting the educational environment or otherwise willfully defying the valid authority of staff, teachers, or other school officials
- Causing, attempting to cause, or threatening to cause physical harm to another

- Causing or attempting to cause damage to school property or private property
- Stealing or attempting to steal school property or private property
- Possessing or using tobacco, alcohol, or controlled substance
- Committing an obscene act or engaging in habitual profanity or vulgarity
- Sexual advances, request of sexual favors, or other verbal, visual, or physical conduct of a sexual nature
- Causing or attempting to bring harm to another through hate language
- Habitual misbehavior
- Bullying

Expulsion

The following behaviors may result in a student being expelled for a period of time as allowed by Indiana law:

- Causing serious injury to another person
- Habitual misbehavior
- Possession, use of, sale of, or furnishing any firearm, knife, explosive or other dangerous object
- Unlawful possession of, use or sale of any controlled substance
- Robbery or extortion
- Offering, furnishing, or sale of any drug paraphernalia
- Criminal behavior
- Threats of a terrorist nature, hate violence, or hate crimes
- Sexual assault
- Battery

Forms and processes for appealing expulsion are available in the school office, and are outlined in Indiana Code, IC 20-8.1-5.1, Chapter 5.1, Suspension, Expulsion and Student Discipline.

CHA expects all students to conduct themselves in a civil and socially responsible manner. Disciplinary measures, carried out in accordance with state law, are used to maintain a safe and stable school environment.

Notification of an expulsion hearing before the administration will be sent in accordance with IC 20-8.1-5.1-13. Formal findings from such a hearing will be explained in writing to the parents and the Principal of CHA with stipulations outlining the length of the expulsion.

Any student who has been expelled pursuant to these provisions shall have the right to appeal to the Academy's Principal. When a student is expelled under the provisions of this section and applies for admission to another school for acceptance, the Principal of CHA shall notify the head of the receiving school of the reasons for the pupil's expulsion.

Procedural Due Process

Procedural Due Process is afforded to all students subject to discipline and includes the following:

1. Opportunity to respond to charges in front of a qualified teacher or administrator of the school
2. Opportunity to present witnesses
3. Notification of all evidence
4. Notification of formal outcome within a certain number of days of hearing
5. Right to appeal

Procedures for all Expulsion Hearings

1. A presentation of the evidence against the student is stated by an independent Hearing Officer.
2. A presentation by the student and parent or parent's designee (individual) of any defense or mitigating circumstances.
3. Submission of written statements from any person in defense of the student accepted by the Hearing Officer. The student may present witnesses and evidence in rebuttal of the school's allegation to the Hearing Officer.
4. The Hearing Officer records a summary of the facts and disputed evidence.
5. Failure of the pupil and/or parent to appear at the hearing without good cause constitutes a waiver of the hearing and the case is reviewed by the Hearing Officer. A decision is rendered on the evidence available.
6. On the day of the hearing, a presentation detailing the reasons for the decision is given to the student and parent or guardian. Formal findings from the hearing officer will be mailed within 10 days of the hearing. The decision may authorize return to school at an earlier date, and may include an alternative educational plan or an evaluation request under Chapter 766.

General School Rules and Policy

CHA facilitates the development of disciplined individuals toward fostering a community of learners' attitude and environment. CHA celebrates the development of our children and recognizes the positive growth in all areas, while at the same time correcting the negative choices and teaching the proper way.

Policies and consequences consistent with our mission are necessary to ensure a safe learning environment for every child.

Inappropriate Behavior

Examples of inappropriate behavior include, but are not limited to:

- Disrespectful or inappropriate talk and actions
- Disobedience
- Misusing school equipment, or that of others
- Running in class, or in the hallways
- Littering
- Teasing
- Horseplay
- Bullying
- Sexual harassment
- Inappropriate displays of public affection

Teachers will discuss the above behaviors with children and will contact parents in working together to resolve. If the child's behavior problems continue, a referral to the office administration may occur.

Office Referrals

It is at the discretion of the teacher to refer a child to the administration for intervention of behaviors.

Depending on the circumstances that caused the referral, a student may remain at the office for a "time out" period, or may receive another form of consequence. These may include detention, in-school suspension, out of school suspension, or expulsion. Conflict resolution, individual, and/or group counseling may be involved as a component of CHA's intervention strategies. ***It is a shared responsibility of the parents to teach and model CHA's Core Expectations.***

Suspensions may be in-school or out of school. Parents may be required to return to school with their child to meet with members of the administrative team.

ATTACHMENT 16

Intentionally left blank

ATTACHMENT 17
START-UP PLAN, SCHOOL #1

Description	Completion Date	Staff Responsible
Charter Applications for multiple charters to cover Expansion Schools submitted and charters secured	March 2013	C. Wendling
Apply for and secure employer ID number	July 2014	B. Hawkins
Establish bank account	July 2014	B. Hawkins
Apply for and receive 501(c) status	July 2014	B. Hawkins
Formalize academic and organizational goals for school	July 2014	C. Dahncke
Staffing plan, organizational chart and job descriptions for	July 2014	C. Dahncke

key personnel for
Charter Expansion
#1 developed

Identify enrollment targets and be able to support with evidence of demand	July 2014	C. Dahncke
--	-----------	------------

Identify potential grant and funding sources beyond state and federal funding, and develop a timeline for grant preparation and submission	August 2014	L. Dodson
--	-------------	-----------

Create a five year budget and a one year cash flow	August 2014	J. Schneider
--	-------------	--------------

Complete board member recruitment process; hold organizational meeting	August 2014	C. Wendling
--	-------------	-------------

Secure facility, and begin	August 2014	J. Schneider
----------------------------	-------------	--------------

development of
Facilities Plan for
construction/
refurbishment

Research
neighborhood/
communities from
which school will
draw

August 2014

C. Dahncke

Create a
transportation
plan for students

September 2014

C. Dahncke

Create student
recruitment,
marketing and
public relations
plan

September 2014

C. Dahncke

Work with
insurance agent to
cover risk
management
aspects, and get
all coverage in
place

September 2014

J. Schneider

Finalize
construction/ or
refurbishment,
furnishings and
fixtures plan to

October 2014

J. Schneider

outfit school;
identify sources
and bid out as
necessary

Begin facility renovation/ refurbishment (completion date TBD, depending on scope of work required, but in no event later than July 2014)	October 2014	J. Schneider
---	--------------	--------------

Hold parent information sessions in communities where target populations are located	November/	C. Dahncke
	December 2014	
	January/ Feb 2014	

Applications available and enrollment process begins	December 2014	C. Dahncke
--	---------------	------------

Finalize staffing plan	January 2015	C. Dahncke
------------------------	--------------	------------

Furnishing/ fixtures bids are received and vendors selected	January 2015	J. Schneider
Order furnishings and fixtures	February 2015	J. Schneider
Order textbooks and supplies	February 2015	C. Dahncke
Order any uniform items that will not be available to students/ parents at retail outlets	February 2015	C. Dahncke
Begin staff recruitment, screening, interviews and selection.	March 2015	C. Dahncke
Conduct Lottery	March 31, 2015	C. Dahncke
Establish community partners	April 2015	C. Dahncke
Create a timeline for pre-opening activities	June 2015	C. Dahncke

Complete staff hiring process	June 2015	C. Dahncke
Conduct staff professional development – extended to incorporate understanding of Christel House methodologies and ethos	July 2015	C. Dahncke
Conduct pre-opening facility inspection to ensure readiness	August 2015	J. Schneider
Hold pre-opening event, inviting new students, parents, press, city officials	August 2015	H. Richey
Expansion Charter #1, grades K-2, opens with 150 students, adding one grade level per year until reaching grade 12,	August 2015	C. Dahncke

ATTACHMENT 18

INSURANCE ESTIMATES

Attached are copies of insurance invoices/ coverage for CHA. It is anticipated that costs of coverage for Network Expansion Schools will be similar.



Z7W 8801337 02

**Citizens Insurance Company Of America, 440 Lincoln Street, Worcester MA 01605
Commercial Line Policy
Common Declarations**

CM

Policy Number	Policy Period		Coverage is Provided in the:	Agency Code
	From	To		
Z7W 8801337 02	07/01/2012	07/01/2013	Citizens Insurance Company Of America	6604055

Named Insured and Address :

Agent :

CHRISTEL HOUSE ACADEMY 2717 S EAST STREET INDIANAPOLIS IN 46225	GREGORY & APPEL, INC. 1402 N CAPITOL STE 400 INDIANAPOLIS IN 46202
---	--

Branch : Indiana

Policy Period : From 07/01/2012 To 07/01/2013

12:01 A.M. Standard Time at Your Mailing Address Shown Above.

Business Description: Charter School

Legal Entity: Non Profit

In Consideration of the premium, insurance is provided the Named Insured with respect to those premises described in the attached schedule(s) for which a specific limit of insurance is shown. This is subject to all terms of this policy including Common Policy Conditions. Coverage Parts, Forms and Endorsements may be subject to adjustment and/or a policy minimum premium.

Commercial Property Coverage	\$14,971.00
Commercial General Liability Coverage	\$5,071.00
Professional Liability Coverage	\$3,205.00
Commercial Inland Marine Coverage	\$1,271.00
Commercial Crime Coverage	Not Covered
Commercial Auto Coverage	\$2,302.00
Total Surcharges Premium	N/A
Additional Premium For Policy Minimum	N/A
** Total	\$26,820.00

**INCLUDES PREMIUM, IF ANY, FOR TERRORISM; REFER TO DISCLOSURE NOTICE

Countersigned _____ By _____

Direct Bill/10 Equal Installments W/Svc Charge

Group Number ZSX

CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

Locations of All Premises You Own, Rent or Occupy

Location: 1

2717 South East Street
 Indianapolis IN
 46225

Forms Applicable to all Coverage Parts:

<u>Form Number</u>	<u>Edition Date</u>	<u>Description</u>
231-0475	06/89	Notice Inquires to PILR on info on Claim
401-1126	01/08	Notice - Disclosure of Premium - Rejection of Terrorism Coverage
401-1132	01/08	Terrorism Coverage Rejection
401-1136	01/08	Terrorism Coverage Rejection
401-1209	12/10	Indiana Workers' Compensation Exclusion Form Rev Advisory Notice to Policyholders
IL 00 03	09/08	Calculation Of Premium
IL 00 17	11/98	Common Policy Conditions
IL 00 21	09/08	Nuclear Energy Liability Exclusion Endorsement (Broad Form)
IL 01 17	12/10	Indiana Changes - Workers' Compensation Exclusion Endorsement
IL 01 56	09/07	Indiana Changes - Concealment, Misrepresentation Or Fraud
IL 01 58	09/08	Indiana Changes
IL 01 92	02/08	Indiana Changes - Pollution
IL 02 72	09/07	Indiana Changes - Cancellation And Nonrenewal
IL 09 35	07/02	Exclusion of Certain Computer-Related Losses
IL 09 53	01/08	Exclusion Of Certified Acts Of Terrorism
IL 70 03	04/87	Cancellation Refund
SIG 00 80	03/07	Signature Page - Citizens Allmerica



CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

Forms To Be Attached To This Policy Manually:

*Asterick denotes new or changed form

<u>Form Number</u>	<u>Edition Date</u>	<u>Description</u>
* 421-0384	04 06	Punitive Damages Exclusion
* IM 72 25	05 01	Off-Site Servier



CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

Commercial Property Coverage Part Declaration

Total Property Premium \$14,971.00

Coverages Provided:

Insurance at the Described Premises applies only for the coverage shown below:

Blanket Building and Contents For Premises
Location 1 - Building 1

<u>Coverage:</u>	<u>Cause of Loss:</u>	<u>Premiums:</u>
Blanket Building and Contents	Special	\$11,880.00
Limit of Insurance:	\$18,000,000	
Replacement Cost		
Coinsurance:	90%	
Agreed Value	Agreed Expiration 07/01/2013	

<u>Blanket</u>	<u>LOC</u>	<u>BLDG</u>	<u>APPLICABLE DEDUCTIBLE</u>	
	ALL	ALL	Windstorm/Hail Deductible	\$1,000.00
			Theft Deductible	\$1,000.00
			Other Deductible:	\$1,000.00

<u>LOC</u>	<u>BLDG</u>		
1	1	Occupancy:	Schools - Public or private - high school
		Territory:	491
		Construction:	Masonry Noncombustible
		Protection Class:	2

<u>LOC</u>	<u>BLDG</u>	<u>Coverage:</u>	<u>Cause of Loss:</u>	<u>Premiums:</u>
1	1	Business Income	Special	\$375.00



CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

Commercial Property Coverage Part Declaration

Limit Of Insurance: \$500,000.00
Coinsurance: 50%
Extended Period of Indemnity: 30 Days Included
Agreed Value: Agreed Expiration: 07/01/2013

Applicable Coverage Options

Agreed Amount

<u>LOC</u>	<u>BLDG</u>	<u>APPLICABLE DEDUCTIBLE</u>	
1	1	Windstorm/Hail Deductible	\$1,000.00
		Theft Deductible:	\$1,000.00
		Other Deductible:	\$1,000.00

Additional Premium for Property Minimum : N/A

Miscellaneous/Optional Property Coverages: **PREMIUM**

Data Breach	\$259.00
Boiler / Machinery / Equipment Breakdown	\$1,238.00
Emergency Event Management Coverage	\$140.00

CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

Forms Applicable to Property Coverage Parts:

*Asterisk denotes new or changed form

<u>Form Number</u>	<u>Edition Date</u>	<u>Description</u>
* 411-0549	02/11	Educational Institution Special Property Endorsement
* 411-0550	02/11	Educational Institution Special Property Endorsement Amended Limits of Insurance
* 411-0610	08/08	Emergency Event Management Coverage
* 411-0669	12/09	Data Breach Coverage Form
411-0679	04/10	Associates And Family Members Additional Coverage Endorsement
411-0681	12/09	Identity Theft Resolution Services
* 411-0753	02/11	2011 CL Property Educational Institutions Forms Advisory Notice To Policyholders
451-0038	11/04	Equipment Breakdown Coverage
451-0039	11/04	Equipment Breakdown Schedule
CP 00 10	06/07	Building and Personal Property Coverage Form
CP 00 30	06/07	Business Income (and Extra Expense) Coverage Form
CP 00 90	07/88	Commercial Property Conditions
CP 01 40	07/06	Exclusion of Loss Due to Virus or Bacteria
CP 01 52	07/96	Indiana Changes - Rights Of Recovery
CP 10 30	06/07	Cause of Loss - Special Form
CP 10 32	08/08	Water Exclusion Endorsement
* CP 14 10	06/95	Additional Covered Property
IL 04 15	04/98	Protective Safeguards



CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

Commercial General Liability Coverage Part Declaration

Audit Frequency: Annual

Limits of Insurance:

General Aggregate Limit \$2,000,000

Products-Completed Operations are Included in the General Aggregate Limit

Each Occurrence Limit \$1,000,000

Personal and Advertising Injury Limit \$1,000,000

Fire Damage Limit, Any One Fire \$500,000

Medical Expense Limit, Any One Person \$15,000

General Liability Deductible:

Total Advance Commercial General Liability Premium \$5,071.00

Forms Applicable to General Liability Coverage Parts:

*Asterick denotes new or changed form

<u>Form Number</u>	<u>Edition Date</u>	<u>Description</u>
421-0022	12/90	Asbestos Liability Exclusion
* 421-0334	02/11	Sexual Misconduct or Sexual Molestation Liability
* 421-0343	02/11	Innocent Party Defense Endorsement
* 421-0361	10/10	Other Coverage Amendment
421-0362	12/05	Exclusion - Law Enforcement Professional Liability
* 421-0363	02/11	Educational Institution Amendatory Endorsement
* 421-0384	04/06	Punitive Damages Exclusion
* 421-1377	10/10	Innocent Employee Defense Coverage Endorsement
* 421-1728	02/11	Punitive Damages Exclusion
* 421-1735	02/11	Educational Institution Limited Pollution Liability For Curriculum Or Program Endorsement
* 421-1738	02/11	Limited Key Employee Replacement Expense Endorsement
* 421-1744	02/11	Incidental Professional Liability Coverage For Educational Institutions Endorsement
* 421-1748	02/11	Additional Supplementary Payments Endorsement
* 421-2139	08/11	Liberalization Clause
* 421-2184	02/11	2011 General Liab Educational Institution Forms Advisory Notice To Policyholders
CG 00 01	12/07	Commercial General Liability Coverage Form
CG 00 68	05/09	Recording And Distribution of Material or Information In Violation of Law Exclusion
CG 01 23	03/97	Indiana Changes - Pollution Exclusion



CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

Commercial General Liability Classification Schedule Declaration

Forms Applicable to General Liability Coverage Parts:

*Asterick denotes new or changed form

<u>Form Number</u>	<u>Edition Date</u>	<u>Description</u>
* CG 04 35	12/07	Employee Benefits Liability Coverage
CG 20 26	07/04	Additional Insured - Designated Person or Organization
CG 21 47	12/07	Employment - Related Practices Exclusion
CG 21 67	12/04	Fungi or Bacteria Exclusion
CG 21 73	01/08	Exclusion Of Certified Acts Of Terrorism
CG 21 96	03/05	Silica or Silica-Related Dust Exclusion
* CG 22 67	10/93	Corporal Punishment



CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

Commercial General Liability Classification Schedule Declaration

<u>LOC</u>	<u>ST</u>	<u>TERR</u>	<u>CODE</u>	<u>SUBLINE</u>	<u>PREMIUM BASIS</u>	<u>PER</u>	<u>RATE</u>	<u>ADVANCE PREMIUM</u>
1	IN	501	47471	334	447 Each Student	Each	4.612	\$2,062.00
Products – Completed Operations are Included in the General Aggregate Limit								
Schools public elementary, kindergarten or junior high								
<u>LOC</u>	<u>ST</u>	<u>TERR</u>	<u>CODE</u>	<u>SUBLINE</u>	<u>PREMIUM BASIS</u>	<u>PER</u>	<u>RATE</u>	<u>ADVANCE PREMIUM</u>
1	IN	501	47469	334	76 Faculty Members	Each	5.918	\$450.00
Products – Completed Operations are Included in the General Aggregate Limit								
Schools faculty liability for corporal punishment of students								
<u>LOC</u>	<u>ST</u>	<u>TERR</u>	<u>CODE</u>	<u>SUBLINE</u>	<u>PREMIUM BASIS</u>	<u>PER</u>	<u>RATE</u>	<u>ADVANCE PREMIUM</u>
1	IN	501	47473	334	160 Each Student	Each	6.048	\$968.00
Products – Completed Operations are Included in the General Aggregate Limit								
Schools public high								

Miscellaneous/Optional General Liability Coverages

Advance Premium

Employee Benefits Coverage	\$380.00
Increase Fire Damage Legal LiabilityLimit - Any One Fire	\$278.00
Educational Institution Limited Pollution Liability For Curriculum or Program Endorsement	\$70.00
Additional Supplementary Payments Endorsement	\$50.00
Sexual Misconduct or Sexual Molestation Liability - Occurrence	\$688.00
Limited Key Employee Replacement Expense Endorsement	\$50.00
Incidental Professional Liability Coverage for Educational Institutions - Occurrence	\$50.00
Innocent Employee Criminal Defense Endorsement	\$25.00
School and Educators Legal Liability - Claims Made (Retro Date) 09/03/2002	\$1,968.00
Educational Institution Employment Practices Liability Endorsement With Third Party Coverage - Defense Expenses Outside Limits (Retro Date) 09/03/2002	\$1,142.00
Non-Monetary Relief Defense Coverage - School and Educators Legal Liability - Claims Made	\$95.00



CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

Commercial General Liability Classification Schedule Declaration

Additional Premium for Coverage Minimum: N/A

Total Advance General Liability Premium \$5,071.00

Subline 334 **Premises and Operations**



CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

General Liability of Additional Interest

Location: 1

Designated Person/Org CG2026

CHRISTEL HOUSE INTERNATIONAL
JOE SCHNEIDER
10 W MARKET SUITE 1990
INDIANAPOLIS IN 46204

Item 4. EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES

- EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY ENDORSEMENT
- Defense Expenses Outside of Limits
- Defense Expenses Within Limits
- EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY WITH THIRD PARTY COVERAGE
- Defense Expenses Outside of Limits
- Defense Expenses Within Limits

LIMITS OF INSURANCE:

“Wrongful Employment Act” Limit \$1,000,000
 Employment Practices Aggregate Limit \$1,000,000

DEDUCTIBLE:

Deductible Amount \$10,000
 Basis of Deductible Per “Wrongful Employment Act”

RETROACTIVE DATE:

This insurance does not apply to “employment related wrongful acts” committed before the Retroactive Date, if any, shown here: 09/03/2002
 (Enter date or “none” if no Retroactive Date applies.)

Estimated Annual Premium	\$3,205
Annual Minimum Premium	\$
Advance Premium	\$

- PREPAID – the total annual premium is due at inception.
- HANOCASH - the annual premium is payable according to the term of the Hanocash endorsement attached
- ACCOUNT BILL DIRECT BILL Annual Semi-Annual Other
- Audit period: Non Auditable unless indicated by Annual Semi-Annual Other

Premium Class Code	Classification Description	Premium Base	Advance Premium
47471	School and Educators Legal Liability coverage	Number of Students	1,968

FORMS AND ENDORSEMENTS

Forms and Endorsements applying to this Coverage Part and made a part of this policy:

Form Number:	Description:
* 421-0353 02/11	School And Educators Legal Liability Coverage Part
* 421-0354 02/11	Exclusion - Eminent Domain, Inverse Condemnation, Adverse Possession
* 421-0356 02/11	Exclusion - Tax Assessment
* 421-0357 02/11	School And Educators Legal Liability Coverage Part Declarations
* 421-0358 02/11	Exclusion - Law Enforcement Professional Liability
* 421-0360 02/11	Non-Monetary Relief Defense Coverage
* 421-1705 02/11	Recording And Distribution of Material Or Information In Violation of Law Exclusion
* 421-1719 02/11	Educational Institution EPL With Third Party Coverage End (Defense Outside Limits)
* 421-1782 02/11	IN Amendatory End
* 421-2185 02/11	2011 Professional Liab Educational Institution Forms Advisory Notice To Policyholders

Notice of a Claim:

Report any "wrongful act" or "wrongful employment act" which may result in a "claim" to the Company as required by **SECTION IV – SCHOOL AND EDUCATORS LEGAL LIABILITY CONDITIONS**, Paragraph **B.**

Duties in the Event of Wrongful Act, Claim, or Suit:

The Hanover Insurance Company
P.O. Box 15145
Worcester, MA 01615

National Claims Telephone Number: 800-628-0250

Facsimile: 800-399-4734

Email: firstreport@hanover.com

THESE DECLARATIONS, TOGETHER WITH THE COMMON POLICY CONDITIONS AND COVERAGE FORM(S) AND ANY ENDORSEMENT(S), COMPLETE THE ABOVE NUMBERED POLICY.



CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

Business Auto Coverage Declaration

This Policy provides only those coverages where a charge is shown in the premium column below. Each of these coverages will apply only to those "Autos" shown as a covered "Autos". "Autos" are shown as covered "Autos" for a particular coverage by the entry of one or more of the symbols from the Covered Auto section of the Business Auto Coverage form next to the name of the coverage.

<u>Coverages</u>	<u>Covered Auto</u> Entry of one or more of the symbols from the Covered Autos Section of the Business Auto Coverage Form shows which Autos are covered Autos)	<u>Limit-</u> The most we will pay for any one accident or loss	<u>Premium</u>
Liability	8,9	\$1,000,000	\$2,252.00
Hired Auto Physical Damage	8	\$50,000	\$50.00

Schedule of Hired or Borrowed Covered Auto Coverage and Premium Liability Coverage - Rating Basis, Cost of Hire

<u>State</u>	<u>Estimated Cost of Hire</u>	<u>Rate for Each \$100 Cost of Hire</u>	<u>Factor</u>	<u>Premium</u>
IN	\$200,000.00	\$.59	N/A	\$2,017.00

Cost of Hire means the total amount you incur for the Hire of "Autos" you don't own (not including "Autos" you borrow or rent from your partners, your employees, or their family members). Cost of Hire does not include charges for services performed by motor carriers of property or passengers.

Schedule for Non-Ownership Liability

<u>Named Insured's Business</u>	<u>Rating Basis</u>	<u>Number of Employees</u>	<u>Premium</u>
Other Than A Social Service Agency	# of Employees	50	\$235.00

Schedule of Hired or Borrowed Coverage Auto Coverage and Premium for Physical Damage

<u>Coverages</u>	<u>Deductible</u>	<u>Premium</u>
Specified Cause of Loss	Full	\$49.00



CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

Collision Coverage	500	\$1.00
Additional For Commercial Auto Minimum		N/A
Estimated Total Premium		\$2,302.00

Forms Applicable to Business Auto Coverage Parts:

*Asterick denotes new or changed form

<u>Form Number</u>	<u>Edition Date</u>	<u>Description</u>
461-0246	04/06	Abuse or Molestation Exclusion
* 461-0260	02/11	Punitive Damages Exclusion
* 461-0448	02/11	Hired And Nonowned Auto - Agents And Employees Of Owner Exclusion
* 461-0464	02/11	2011 CL Auto Educational Institution Forms Revision Advisory Notice To Policyholders
CA 00 01	03/06	Business Auto Coverage Form
CA 01 19	10/01	Indiana Changes



CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

Inland Marine Declaration

Total Inland Marine Premium \$1,271.00

Coverages Provided:

Insurance at the Described Premises applies only for the coverage shown below:

<u>LOC</u>	<u>BLDG</u>	<u>Type of Coverage</u>	<u>Premium</u>
1	1	EDP - Hardware & Software \$250,000 and over	\$696.00
		Limit	\$580,000.00
		Deductible	\$500.00
		Coinsurance	See Form
		Schedule	See Form
		Reporting Form	Non-Reporting

Additional Premium for Inland Marine Minimum: N/A

Educational Institution Miscellaneous Property Coverage \$575.00

CHRISTEL HOUSE ACADEMY

Z7W 8801337 02

GREGORY & APPEL, INC.

Forms Applicable to Inland Marine Coverage Parts:

*Asterisk denotes new or changed form

<u>Form Number</u>	<u>Edition Date</u>	<u>Description</u>
441-0232	08/08	Water Exclusion Endorsement Advisory Notice to Policyholders
* 441-0243	02/11	Educational Institution Miscellaneous Property Coverage Form
CL 01 88	03/99	Amendatory Endorsement - Indiana
CL 06 10	01/08	Certified Act of Terrorism Exclusion
CL 07 00	10/06	Virus OR Bacteria Exclusion
IM 12 61	00 00	Coinsurance Waiver
* IM 16 69	00/00	Replacement Cost Endorsement
* IM 20 29	04/04	Amendatory Endorsement - Indiana
IM 72 02	10/02	Electronic Data Processing - Equipment Coverage Part - Blanket Limits
* IM 72 07	10/02	Electronic Data Processing - Schedule of Coverages - Blanket Limits
IM 72 15	09/03	Electronic Data Processing - Income Coverage Part
* IM 72 25	05 01	Off-Site Servier
IM 72 34	05/01	Calendar Date or Tme Failure Exclusion
* IM 78 60	04/04	Earth Movement, Flood, And Sewer Backup Exclusions

POLICY NUMBER: Z7W 8801337 02

**COMMERCIAL PROPERTY
CP 14 10 06 95**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL COVERED PROPERTY

This endorsement modifies insurance provided under the following:

- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

The following is withdrawn from PROPERTY NOT COVERED and added to COVERED PROPERTY:

SCHEDULE*

Prem. No.	Bldg. No.	Paragraph Reference	Description of Property	Type of Property Coverage (Enter BUILDING or PERSONAL PROPERTY)
1	1			

* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

POLICY NUMBER: Z7W 8801337 02

**COMMERCIAL PROPERTY
CP 14 10 06 95****THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****ADDITIONAL COVERED PROPERTY**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

The following is withdrawn from PROPERTY NOT COVERED and added to COVERED PROPERTY:

SCHEDULE*

Prem. No.	Bldg. No.	Paragraph Reference	Description of Property	Type of Property Coverage (Enter BUILDING or PERSONAL PROPERTY)
1	1			

* Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.

**COMMERCIAL GENERAL LIABILITY
CG 22 67 10 93**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CORPORAL PUNISHMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion **a.** of paragraph **2.**, Exclusions of COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY (Section **I** – Coverages) is replaced by the following:

This insurance does not apply to:

- a.** "Bodily injury" or "property damage" expected or intended from the standpoint of the insured.

This exclusion does not apply to "bodily injury" resulting from:

- (1)** The use of reasonable force to protect persons or property; or
- (2)** Corporal punishment to your student administered by or at the direction of any insured.

REPLACEMENT COST ENDORSEMENT

VALUATION

The Actual Cash Value provision under Valuation is replaced by the following.

Replacement Cost -- The value of covered property will be based on the replacement cost at the time of the loss without any deduction for depreciation.

The replacement cost is limited to the cost of repair or replacement with similar property and used for the same purpose. The payment shall not exceed the amount "you" spend to repair or replace the damaged or destroyed property.

This replacement cost provision does not apply to paragraphs 2. and 3. under Valuation.

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**ELECTRONIC DATA PROCESSING
SCHEDULE OF COVERAGE
BLANKET LIMITS**

(The information required below may be indicated on
a separate schedule or supplemental declarations.)

DESCRIBED PREMISES

Loc.
No.
All

LOCATIONS

All locations per SOV on file with Company

Check if applicable:

Attach Additional Locations Schedule to schedule more locations

LIMITS

Catastrophe Limit -- The most "we" pay for any combination of or total of losses arising under one or more coverages in any one occurrence is: \$580,000

EQUIPMENT LIMITS :

Hardware -- The most "we" pay for loss at any one location is: \$500,000

Protection and Control Systems -- The most "we" pay for loss at any one location is: \$Included

Telecommunications Equipment -- The most "we" pay for loss at any one location is \$Included

Reproduction Equipment -- The most "we" pay for loss at any one location is: \$Included

SOFTWARE LIMITS:

Data Records -- The most "we" pay for loss at any one location is: \$50,000

Proprietary Programs -- The most "we" pay for loss at any one location is: \$Included

Programs and Applications -- The most "we" pay for loss at any one location is: \$Included

Media -- The most "we" pay for loss at any one location is: \$Included

INCOME COVERAGE LIMIT:

Income Coverage -- The most "we" pay for loss at any one location is: \$30,000

Web Site Server LIMITS: (check if applicable)

On-Site Server

Server Coverage -- The most "we" pay for loss to "on-site servers" in any one occurrence is: \$ _____

Software Coverage -- The most "we" pay for loss to "Web site software" in "on-site servers" in any one occurrence is: \$ _____

On-Site Server Coverage Under Hardware and Software

Coverage for "on-site server" is provided under Hardware; and coverage for "Web site software" is provided under Software

Off-Site Server

Server Coverage -- The most "we" pay for loss to "off-site servers" in any one occurrence is: \$25,000 _____

Software Coverage -- The most "we" pay for loss to "Web site software" in "off-site servers" in any one occurrence is: \$15,000 _____

COVERAGE EXTENSIONS

Additional Debris Removal Expenses \$See IM7202 _____

Electrical and Power Supply Disturbance See IM7202 _____

Emergency Removal 365 Days

Emergency Removal Expenses \$See IM7202 _____

Fraud and Deceit \$See IM7202 _____

Mechanical Breakdown Coverage See IM7202 _____

SUPPLEMENTAL COVERAGES

Acquired Locations \$500,000 _____

Earthquake Coverage (check one)

- Coverage Provided

- Coverage Not Provided

- Refer To Earthquake, Flood and Sewer Backup Endorsement

SUPPLEMENTAL COVERAGES (cont.)

Flood Coverage (check one)

- Coverage Provided
- Coverage Not Provided
- Refer To Earthquake, Flood
and Sewer Backup Endorsement

Foreign Transit and Location Coverage \$See IM7202

Incompatible Hardware and Media \$See IM7202

Newly Purchased or Leased Hardware \$See IM7202

Off-Site Computers \$See IM7202

Pollutant Cleanup and Removal \$See IM7202

Property In Transit \$See IM7202

Recharge of Fire Extinguishing Equipment \$See IM7202

Rewards \$See IM7202

Sewer Backup (check one)

- Coverage Provided
- Coverage Not Provided
- Refer To Earthquake, Flood
and Sewer Backup Endorsement

Software Storage \$See IM7202

Virus and Hacking Coverage

- Limit Any One Occurrence \$See IM7202

- Limit Each Separate 12 month Period \$See IM7202

DEDUCTIBLE AND COINSURANCE

DEDUCTIBLE

	Deductible Amount
For all covered perils unless a different deductible is indicated below	\$500
Earthquake and Volcanic Eruption	\$Not Covered
"Flood"	\$Not Covered
"Mechanical Breakdown", "Electrical Disturbance", and "Power Supply Disturbance"	\$500

COINSURANCE (attach Coinsurance Provisions if applicable)

"Hardware", "Media", and "Programs and Applications"

- Not Applicable
- 100% 90% 80% %

"Data Records" and "Proprietary Programs"

- Not Applicable
- 100% 90% 80% %

INCOME COVERAGE PART

COVERAGE OPTIONS (check one)

- Earnings and Extra Expense
- Extra Expense only
- Income Coverage Not Provided

INCOME COVERAGE EXTENSION

Interruption by Civil Authority **30** days
 Period of Loss Extension **30** days

SUPPLEMENTAL INCOME COVERAGES

Acquired Locations \$See IM7202

Earthquake Coverage (check one)

- Coverage Provided
- Coverage Not Provided
- Refer To Earthquake, Flood and Sewer Backup Endorsement

Flood Coverage (check one)

- Coverage Provided
- Coverage Not Provided
- Refer To Earthquake, Flood and Sewer Backup Endorsement

Property In Transit \$See IM7202

Sewer Backup (check one)

- Coverage Provided
- Coverage Not Provided
- Refer To Earthquake, Flood and Sewer Backup Endorsement

Utility Service Interruption

- Limit \$See IM7202
- Overhead Transmission Lines Excluded (check if applicable)
- Waiting Period 24 Hours

SUPPLEMENTAL INCOME COVERAGES (cont.)

Virus and Hacking Coverage

- Limit Any One Occurrence \$See IM7202 _____

- Limit Each Separate 12 month Period \$See IM7202 _____

- Waiting Period 24 hours

INCOME COVERAGE OPTIONS

Income Coverage Waiting Period (check one)

Not Applicable

Waiting Period 72 hours

Coinsurance (check one)

Not Applicable

100% 90% 80% %

OPTIONAL COVERAGES AND ENDORSEMENTS

IM7202 (1002) EDP Coverage Part - Blanket Limits
IM7860 (0708) Earthquake, Flood & Sewer Backup Exclusion
IM1669 (0000) Replacement Cost Endorsement
IM1261 (0105) Coinsurance Waiver
IM7225 (0501) Off Site Server
IM7215 (0903) EDP Income Coverage Part

EARTH MOVEMENT, FLOOD, AND SEWER BACKUP EXCLUSIONS

(The entries required to complete this endorsement will be shown below or on the "schedule of coverages".)

SCHEDULE

Indicate if applicable:

- Earth Movement or Volcanic Eruption Exclusion
 Flood Exclusion
 Sewer Backup And Water Below The Surface Exclusion

ADDITIONAL DEFINITIONS

1. "Earth movement" means any movement or vibration of the earth's surface (other than "sinkhole collapse") including but not limited to earthquake; landslide; mudflow; mudslide; mine subsidence; or sinking, rising, or shifting of earth.
2. "Flood" means flood, surface water, waves, tidal water, or the overflow of a body of water, all whether driven by wind or not. This includes spray that results from these whether driven by wind or not.
3. "Volcanic action" means airborne volcanic blast or airborne shock waves; ash, dust, or particulate matter; or lava flow.

Volcanic action does not include the cost to remove ash, dust, or particulate matter that does not cause direct physical loss to the covered property.

ADDITIONAL PERILS EXCLUDED

1. If indicated on the schedule above or on the "schedule of coverages", "we" do not pay for loss or damage caused directly or indirectly by one or more of the following excluded causes or events. Such loss or damage is excluded regardless of other causes or events that contribute to or aggravate the loss, whether such causes or events act to produce the loss before, at the same time as, or after the excluded causes or events
 - a. **Earth Movement Or Volcanic Eruption**
 --"We" do not pay for loss caused by any "earth movement" (other than "sinkhole collapse") or caused by eruption, explosion, or effusion of a volcano.

"We" do cover direct loss by fire, explosion, or "volcanic action" resulting from either "earth movement" or eruption, explosion, or effusion of a volcano.

This exclusion does not apply to property while in transit to the extent such property is covered under this Inland Marine Coverage Part.

- b. **Flood** -- "We" do not pay for loss caused by "flood".

"We" do cover direct loss by fire, explosion, or sprinkler leakage resulting from "flood".

This exclusion does not apply to property while in transit to the extent such property is covered under this Inland Marine Coverage Part.

- c. **Sewer Backup And Water Below The Surface** -- "We" do not pay for loss caused by:

- 1) water that backs up through a sewer or drain; or

- 2) water below the surface of the ground, including but not limited to water that exerts pressure on or flows, seeps, or leaks through or into a covered building or structure.

But if sewer backup and water below the surface results in fire, explosion, or sprinkler leakage, "we" cover the loss or damage caused by that fire, explosion, or sprinkler leakage.

This exclusion does not apply to property while in transit to the extent such property is covered under this Inland Marine Coverage Part

IM 7860 04 04

EDUCATIONAL INSTITUTION SPECIAL PROPERTY ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CAUSES OF LOSS – SPECIAL FORM
 BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Under **Section C. Limits of Insurance** of Building and Personal Property Coverage Form CP 0010, the following is added:

The limits applicable to the Coverages included in this endorsement may either be in addition to or included within the applicable Limits of Insurance. For application of the limits, refer to each coverage within this endorsement.

Refer to **Section V – Definitions** of this endorsement for additional words or phrases which appear in quotation marks that have special meanings.

The coverages in this endorsement amend the coverage provided under the Building and Personal Property Coverage Form, Causes of Loss – Special Form, Business Income (and Extra Expense) Coverage Form through new coverages and substitute coverage grants. These coverages are subject to the provisions applicable to these forms, except as provided for and amended within this endorsement. If any of the property covered by this endorsement is also covered under any other provisions of the policy of which this endorsement is made a part, or if more than one coverage under this endorsement applies, in the event of loss or damage, you may choose only one of these coverages to apply to that loss. The most we will pay in this case is the Limit of Insurance applying to the coverage you select. Coverages included in this endorsement apply either separately to each described premises or on an “occurrence” basis. Refer to each coverage within this endorsement for application of coverage.

I. COVERAGES

A. Schedule of Coverages	Limits of Insurance	Page
1. Automated External Defibrillators	\$ 5,000	2
2. Broadened Building Coverage	Included	2
3. Broadened Business Personal Property	Included	3
4. Building Limit – Inflation Guard	Included	3
5. Debris Removal	\$ 25,000	3
6. Denial of Access to Premises	Included	4
7. E-Commerce	\$ 5,000	4
8. Employee Theft including ERISA Compliance	\$ 100,000	5
9. Expediting Expense	\$ 25,000	7
10. Extended Coverage on Property – within 1000 feet	Included	7
11. Extra Expense	\$ 300,000	7
12. Forgery or Alteration	\$ 10,000	7
13. Foundations & Underground Pipes	\$ 250,000	8
14. Fundraiser Business Income	\$ 50,000	8
15. Glass Showcases	\$ 2,500	8
16. Inventory & Loss Appraisal	\$ 25,000	9
17. Key Replacement & Lock Repair	\$ 5,000	9
18. Money and Securities	\$ 25,000	9
19. Money Orders & Counterfeit Money	\$ 10,000	10
20. Newly Acquired or Constructed Property – Building	\$1,000,000	10
- Business Personal Property	\$1,000,000	10
21. Ordinance or Law	\$ 500,000	11
22. Outdoor Property	\$ 100,000	13
23. Paved Surfaces	\$ 100,000	14
24. Personal Effects of Students	\$ 100,000	14

25. Pollutant Clean-Up and Removal	\$ 50,000	14
26. Preservation of Property - Expense	\$ 25,000	15
27. Property in Transit	\$ 50,000	15
28. Property Off-Premises	\$ 100,000	15
29. Prototypes	Included	16
30. Real Property of Others Required by Contract	\$ 5,000	16
31. Rewards – Arson, Theft, Vandalism	\$ 25,000	16
32. Sewer Backup	\$ 100,000	16
33. Special Settlement Provisions:		
Agreed Amount Coverage (losses \$25,000 or less)	Included	17
Replacement Cost – Leased Personal Property	Included	17
34. Spoilage	\$ 25,000	17
35. Utility Services – Direct Damage	\$ 100,000	18
Utility Services – Business Income	\$ 100,000	18
36. Windblown Debris	\$ 2,500	19
37. Worldwide Property Off Premises	\$ 50,000	19

B. Coverages Included in Blanket Limit of Insurance \$ 250,000

The Blanket Limit of Insurance shown above applies to all Coverages shown in **Section III.B.** of this Endorsement. At the time of loss, you may elect to apportion this Blanket Limit of Insurance to one or any combination of the Coverages shown, but under no circumstances will the aggregate apportionment be permitted to exceed the Blanket Limit of Insurance shown above. The Blanket Limit of Insurance applies per “occurrence”.

Coverages included within the Blanket Limit of Insurance:

1. Accounts Receivable	19
2. Electronic Data Processing Equipment	20
3. Fine Arts	20
4. Fire Department Service Charge	21
5. Fire Protection Equipment Recharge	21
6. Personal Effects & Property of Others	21
7. Research and Development Documents	21
8. Valuable Papers and Records	22

II. DEDUCTIBLE

We will not pay for covered loss or damage in any one “occurrence” unless the amount of loss or damage exceeds \$500. We will then pay the amount of loss or damage in excess of the Deductible, up to the applicable Limit of Insurance for all coverages listed under **Section I. Coverages**.

III. COVERED PROPERTY

A. Scheduled Coverages

1. Automated External Defibrillators

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

g. Automated External Defibrillators

- (1) In the event of a Covered Cause of Loss, we will pay for direct physical loss to automated defibrillators while at a described premises that are your property or property of others for which

you are responsible for under written contract existing before loss.

- (2) The most we will pay for loss or damage in any one “occurrence” under this Additional Coverage is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement.

- (3) The amount payable under this Additional Coverage is additional insurance.

2. Broadened Building Coverage

- a. Under **Section A. Coverage, 1.**

Covered Property of Building and Personal Property Coverage Form CP 0010, the following is added under Paragraph **a. Building**:

(6) The following property if it is located on or within 1000 feet of a covered building or structure:

- (a) Playground equipment;
- (b) Exterior lighting fixtures or poles; and
- (c) Fences.

(7) Signs, whether or not they are attached to covered buildings or structures;

(8) Building glass, including skylights, glass doors and windows, and their encasement frames, alarm tape, lettering and ornamentation;

b. The deductible in Paragraph **II.** of this endorsement does not apply to **a.(6)** through **a.(8)** above. Paragraphs **a.(6)** through **a.(8)** are subject to **Section D. Deductible** of CP 0010.

c. Under **Section C. Limits of Insurance** of Building and Personal Property Coverage Form CP 0010, the \$2,500 limitation on outdoor signs is deleted.

3. Broadened Business Personal Property

a. Under **Section A. Coverage, 1. Covered Property** of Building and Personal Property Coverage Form CP 0010, the following is added under Paragraph **b. Your Business Personal Property**:

- (8) Property of others that is in your care, custody or control;
- (9) Building glass you have a contractual responsibility to insure;
- (10) "Scientific and professional equipment".

b. The deductible in Paragraph **II.** of this endorsement does not apply to **a.(8)** through **a.(10)** above. Paragraphs **a.(8)** through **a.(10)** are subject to **Section D. Deductible** of CP 0010.

c. Under **Section A. Coverage, 1. Covered Property** of Building and Personal Property Coverage Form CP 0010, **c. Personal Property of Others** is deleted.

4. Building Limit – Inflation Guard

Under **Section C. Limits of Insurance** of Building and Personal Property Coverage Form CP 0010, the following is added:

Building Limit – Inflation Guard

We will pay either the actual cash value or the replacement cost value, based on the valuation method shown in the Declarations, of the damaged portion of the building at the time of loss, but not more than 115% of the Limit of Insurance for Building if:

- (1) The amount of any loss covered by this policy exceeds the Limit of Insurance for Building stated in the Declarations for the damaged Building; and
- (2) The actual repair or replacement is completed within one year of the date of loss.

5. Debris Removal

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property form CP 0010, **a. Debris Removal** Paragraph (4) is deleted and replaced by the following and Paragraph (5) is deleted:

(4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one "occurrence" of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000 or the limit shown on the

Amended Limits of Insurance Endorsement.

6. Denial of Access to Premises

Under **Section A. Coverage, 5. Additional Coverages** of Business Income (and Extra Expense) Coverage Form CP 0030, the following is added:

e. Denial of Access to Premises

- (1) We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur when you are unable to access the described premises, due to direct physical loss of or damage to abutting property within 1000 feet of a described premises, caused by or resulting from any Covered Cause of Loss covered under this policy.
- (2) The coverage for Business Income will begin 72 hours after the loss or damage to the abutting property that causes the denial of access and will apply for a period of up to 30 consecutive days after coverage begins.
- (3) The coverage for Extra Expense will begin immediately after the loss or damage to the abutting property that causes the denial of access and will end:
 - (a) 30 consecutive days after coverage begins; or
 - (b) When your Business Income coverage ends,
 whichever is earlier.

7. E-Commerce

(1) Electronic Vandalism – Direct Damage

Under **Section A. Coverage, 2. Property Not Covered** of Building and Personal Property Coverage Form CP 0010, Paragraph n. is deleted.

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, Paragraph f. is deleted and replaced by the following:

f. Electronic Vandalism – Direct Damage

We cover direct physical loss or damage to covered “computer equipment” at the described

premises caused by “electronic vandalism”.

(2) Electronic Vandalism – Interruption of Computer Operations

Under **Section A. Coverage, 4. Additional Limitation – Interruption of Computer Operations** of Business Income (and Extra Expense) Coverage Form is deleted.

Under **Section A. Coverage 5. Additional Coverages** of Business Income (and Extra Expense) Coverage Form, Paragraph d. is deleted and replaced by the following:

d. Electronic Vandalism – Interruption of Computer Operations

You may extend the insurance that applies to Business Income & Extra Expense to apply to a “suspension” of “operations” caused by an interruption in computer operations at the described premises due to “electronic vandalism” originating anywhere in the world.

We will only pay for loss of Business Income or Extra Expense that occurs during the “period of restoration”.

- (3) The most we will pay for all loss or damage from both Electronic Vandalism – Direct Damage and Electronic Vandalism – Interruption of Computer Operations in any one “occurrence” is \$5,000 or the limit shown in the Amend Limits of Insurance Endorsement.
- (4) The amount payable under this Additional Coverage is additional insurance.
- (5) **Special E-Commerce Exclusions**
We do not cover:
 - (a) Loss of proprietary use of any “electronic data” or “proprietary programs” that have been copied, scanned, or altered;
 - (b) Loss of or reduction in economic or market value of any “electronic data” or “proprietary programs” that have been copied, scanned, or altered; and
 - (c) “Theft” from your “electronic data” or “proprietary programs” of

confidential information through the observation of the “electronic data” or “proprietary programs” by accessing covered “computer equipment” without any alteration or other physical loss or damage to the records or programs. Confidential information includes, but is not limited to, customer information, processing methods, or trade secrets.

8. Employee Theft including ERISA Compliance

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

h. Employee Theft including ERISA Compliance

- (1) We will pay for loss or damage to “money”, “securities” and “other property” resulting directly from “theft” committed by an “employee” or any non-compensated person whether identified or not, acting alone or in collusion with other persons.

For the purposes of this Additional Coverage, “theft” shall also include “forgery”.

- (2) This Additional Coverage does not apply to loss caused by any “employee” as soon as:

- (a) You; or
 (b) Any of your partners, “managers”, officers, directors or trustees not in collusion with the “employee”,

learn of “theft” or any other dishonest act committed by the “employee” whether before or after becoming employed by you.

- (3) Under this Additional Coverage, “occurrence” means:

- (a) An individual act;
 (b) The combined total of all separate acts whether or not related; or
 (c) A series of acts whether or not related,

committed by an “employee” acting alone or in collusion with other persons, during the policy

period, before such policy period or both.

- (4) We will pay only for loss you sustain through acts committed or events occurring during the policy period shown in the Declarations and “discovered” by you:

- (a) During the policy period; or
 (b) No later than 1 year from the date of termination or cancellation of this insurance. However this extended period to “discover” loss terminates immediately upon the effective date of any other insurance obtained by you, whether from us or another insurer, replacing in whole or in part the coverage afforded under this Additional Coverage, whether or not such other insurance provides coverage for loss sustained prior to its effective date.

- (5) You may extend this coverage to apply to loss caused by any “employee” while temporarily outside the Coverage Territory for a period of not more than 90 days.

- (6) The most we will pay for all loss resulting directly from an “occurrence” is \$100,000 or the limit shown in the Amended Limits of Insurance Endorsement. Regardless of the number of years this policy remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year.

- (7) The amount payable under this Additional Coverage is additional insurance.

(8) Special Employee Theft Exclusions

We will not pay for:

- (a) Loss resulting from “theft” or any other dishonest act committed by:

- (i) You; or
 (ii) Any of your partners, whether acting alone or in collusion with other persons.

- (b) Loss caused by an “employee” if the “employee”

has also committed “theft” or any other dishonest act prior to the effective date of this policy and you or any of your partners, “managers”, officers, directors or trustees, not in collusion with the “employee”, learned of that “theft” or dishonest act prior to the policy period shown in the Declarations.

- (c) Loss resulting from “theft” or any other dishonest act committed by any of your “employees”, “managers”, directors, trustees or authorized representatives:

(i) Whether acting alone or in collusion with other persons; or

(ii) While performing services for you or others,

except when covered under this Additional Coverage.

- (d) Loss that is an indirect result of an “occurrence” covered by this Additional Coverage, including, but not limited to, loss resulting from:

(i) Your inability to realize income that you would have realized had there been no loss of or damage to “money”, “securities” or “other property”;

(ii) Payment of damages of any type for which you are legally liable;

(iii) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this Additional Coverage.

- (e) Fees, costs and expenses incurred by you which are related to any legal action.

- (f) Loss or that part of any loss, the proof of which as to its existence or amount is dependent upon:

(i) An inventory computation; or

(ii) A profit and loss computation.

However, where you establish, wholly apart from such computations, that you have sustained a loss, then you may offer your inventory records and actual physical count of inventory in support of the amount of loss claimed.

- (g) Loss resulting from trading, whether in your name or in a genuine or fictitious account.

(h) Loss resulting from fraudulent or dishonest signing, issuing, canceling or failing to cancel, a warehouse receipt or any papers connected with it.

(9) Welfare and Pension Plan ERISA Compliance

(a) The “employee benefit plan” (hereafter referred to as Plan) is included as an insured under this Additional Coverage.

(b) If any Plan is insured jointly with any other entity under this Additional Coverage, you or the Plan Administrator must select a Limit of Insurance for this Additional Coverage that is sufficient to provide a Limit of Insurance for each Plan that is at least equal to that required if each Plan were separately insured.

(c) With respect to loss sustained or “discovered” by any such Plan, Paragraph (1) above is replaced by the following:

We will pay for loss of or damage to “funds” and “other property” resulting directly from fraudulent or dishonest acts committed by an “employee”, whether identified or not, acting alone or in collusion with other persons.

(d) If the first Named Insured is an entity other than a Plan, any payment we make for loss sustained by any Plan will be made to the Plan sustaining the loss.

(e) The Deductible does not apply to this Additional Coverage.

(f) If two or more Plans are insured under this Additional Coverage, any payment we make for loss:

(i) Sustained by two or more Plans; or

(ii) Of commingled "funds" or "other property" of two or more Plans,

resulting from an "occurrence", will be made to each Plan sustaining loss in the proportion that the Limit of Insurance required for each Plan bears to the total Limit of Insurance of all Plans sustaining loss.

9. Expediting Expense

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

i. Expediting Expense

(1) When a Covered Cause of Loss occurs to Covered Property, we will pay for the reasonable and necessary additional expenses you incur to:

(a) Make temporary repairs;

(b) Expedite permanent repair or replacement of damaged property; or

(c) Provide training on replacement machines or equipment.

(2) The most we will pay for loss under this Additional Coverage in any one "occurrence" is \$25,000 or the limit shown in the Amended Limits of Insurance Endorsement.

(3) The amount payable under this Additional Coverage is additional insurance.

10. Extended Coverage on Property – within 1000 feet

Under the **Building and Personal Property Coverage Form** and **Business Income (and Extra Expense) Coverage Form**, all provisions that limit the location of property to within 100 feet of a described premise are deleted and replaced with within 1000 feet of a described premise.

11. Extra Expense

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

j. Extra Expense

(1) When a Covered Cause of Loss occurs to Covered Property, we will pay for the reasonable and necessary extra expense you incur to continue as nearly as possible your normal business "operations" following the covered loss or damage.

(2) The most we will pay for loss under this Additional Coverage in any one "occurrence" is \$300,000 or the limit shown in the Amended Limits of Insurance Endorsement.

(3) The amount payable under this Additional Coverage is additional insurance.

12. Forgery or Alteration

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

k. Forgery or Alteration

(1) We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:

(a) Made or drawn by or drawn upon you; or

(b) Made or drawn by one acting as your agent,

or that are purported to have been made or drawn.

(2) If you are sued for refusing to pay any instrument covered in Paragraph (1) above, on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense.

(3) Under this Additional Coverage, any loss:

(a) Caused by any one or more persons; or

(b) Involving a single act or series of related acts,

is considered one "occurrence" regardless of the number of checks, drafts, promissory notes, or similar written promises, orders or directions involved.

- (4) The most we will pay for loss, including legal expenses, resulting directly from an "occurrence" under this Additional Coverage is \$10,000 or the limit shown in the Amended Limits of Insurance Endorsement. Regardless of the number of years this policy remains in force or the number or premiums paid, no Limit of Insurance cumulates from year to year. The Deductible does not apply to this Additional Coverage.
- (5) The amount payable under this Additional Coverage is additional insurance.

13. Foundations and Underground Pipes

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010, the following is added:

g. Foundations and Underground Pipes

You may extend the insurance that applies to Building to apply to loss or damage to:

- (1) Foundations of buildings, structures, machinery or boilers if their foundations are below:
- (a) The lowest basement floor; or
 - (b) The surface of the ground, if there is no basement;
- (2) Underground pipes, flues and drains; and
- (3) The cost of excavating, grading, backfilling or filling.

The most we will pay for loss under this Extension is 10% of the applicable Limit of Insurance for Building shown in the Declarations, but not more than \$250,000 or the limit shown in the

Amended Limits of Insurance Endorsement.

Payment under this Extension is included within the applicable Limit of Insurance.

14. Fundraiser Business Income

Under **Section A. Coverage, 5. Additional Coverages** of Business Income (and Extra Expense) Coverage Form CP 0030, the following is added:

f. Fundraiser Business Income

- (1) We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to the necessary cancellation of a scheduled fundraiser as a result of direct physical loss of or damage to Covered Property at the described premises caused by or resulting from a Covered Cause of Loss.
- (2) This Additional Coverage will only apply if the fundraiser is not rescheduled within 120 days of the originally scheduled date.
- (3) The most we will pay for loss in any one "occurrence" under this Additional Coverage is \$50,000.

15. Glass Showcases

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010 the following is added:

h. Glass Showcases

- (1) You may extend the insurance provided under this Coverage Form to apply to direct physical loss or damage to glass showcases or glass wall cases, including the frames encasing the damaged glass by any Covered Cause of Loss while at the described premises.
- (2) **Section B. Exclusions** of Cause of Loss – Special Form does not apply to this Extension, except for the following:
- (a) Paragraph **B.1.c. Governmental Action**;
 - (b) Paragraph **B.1.d. Nuclear Hazard**; and
 - (c) Paragraph **B.1.f. War & Military Action**.
- (3) The most we will pay under this Extension for loss or damage in any one "occurrence" at the described premises is \$2,500 or the limit shown in the Amended Limits of Insurance Endorsement.

16. Inventory & Loss Appraisal

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010, the following is added:

i. Inventory and Loss Appraisal

- (1) We will pay all reasonable expenses that you incur at our request to assist us in:
 - (a) The investigation of a claim;
 - (b) The determination of the amount of loss, such as taking inventory; or
 - (c) The cost of preparing specific loss documents and other supporting exhibits.
- (2) The Deductible does not apply to this Extension.
- (3) Regardless of the number of described premises involved, the most we will pay under this Extension for loss or damage in any one "occurrence" is \$25,000 or the amount shown in the Amended Limits of Insurance Endorsement.

(4) Special Inventory and Loss Appraisal Exclusions

We will not pay for expenses:

- (a) Incurred to perform your duties in the event of loss under **Section E. Loss Conditions**;
- (b) To prove that loss or damage is covered;
- (c) Billed by and payable to independent or public adjusters, attorneys or any of their affiliated or associated entities;
- (d) To prepare claims not covered by this policy; or
- (e) Incurred under any Appraisal provisions within the policy.

17. Key Replacement and Lock Repair

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010, the following is added:

j. Key Replacement and Lock Repair

You may extend the insurance provided under this Coverage Form to cover the reasonable and necessary expense you incur due to a covered "theft" loss for:

- (1) Replacement of keys if they are stolen;
- (2) Lock repair; or
- (3) Re-keying, replacing or reprogramming undamaged locks to accept new keys or entry codes when the building security has been compromised.

The most we will pay under this Extension is \$5,000 or the limit shown in the Amended Limits of Insurance Endorsement. The Deductible does not apply to this Extension.

18. Money and Securities

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

I. Money and Securities

- (1) We will pay for loss of "money" and "securities" while:
 - (a) Inside the described premises;
 - (b) At a "banking premises";
 - (c) Within your living quarters or the living quarters of any other member, volunteer or "employee" having use and custody of the property; or
 - (d) "In transit" between any of these places, that results directly from:
 - (e) "Theft"; or
 - (f) Disappearance or destruction.

- (2) The most we will pay for loss in any one "occurrence" is \$25,000 or the limit shown in the Amended Limits of Insurance Endorsement. The amount we will pay for loss in any one "occurrence" is increased by 25% during the time of scheduled registration and beginning 30 days prior to athletic events and ending 24 hours after the close of scheduled registration or the close of the ticket office for athletic event.

- (3) The amount payable under this Additional Coverage is additional insurance.
- (4) Under this Additional Coverage, all loss:
 - (a) Caused by one or more persons; or
 - (b) Involving a single act or series of related acts,
 is considered one "occurrence".
- (5) You must keep records of all "money" and "securities" so we can verify the amount of any one loss or damage.

(6) Special Money & Securities Exclusions

We will not pay for loss:

- (a) Resulting from accounting or arithmetic errors or omissions;
- (b) Resulting from giving or surrendering of property in any exchange or purchase; or
- (c) Of property contained in any "money"-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.

19. Money Orders & Counterfeit Money

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

m. Money Orders & Counterfeit Money

- (1) We will pay for loss resulting directly from your having accepted in good faith, in exchange for merchandise, "money" or services:
 - (a) Money orders issued by any post office, express company or bank that are not paid upon presentation; or
 - (b) "Counterfeit money" that is acquired during the regular course of business.
- (2) The most we will pay for loss in any one "occurrence" is \$10,000 or the limit shown in the Amended Limits of Insurance Endorsement.

- (3) The amount payable under this Additional Coverage is additional insurance.

20. Newly Acquired or Constructed Property

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010, Paragraph **a. Newly Acquired Property** is deleted and replaced by the following:

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$1,000,000 at each building or the limit shown in the Amended Limits of Insurance Endorsement.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
 - (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is \$1,000,000 at each building or the limit shown in the Amended Limits of Insurance Endorsement.

- (b) This Extension does not apply to:
- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 180 days after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

21. Ordinance or Law

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

n. Ordinance or Law

- (1) This Additional Coverage applies only to buildings which are insured on a Replacement Cost basis.

(2) Application of Coverage

This Additional Coverage applies only if both (a) and (b) below are satisfied, and is then subject to the qualifications set forth in (c).

- (a) The Ordinance or Law:
 - (i) Regulates the construction or repair of a building or structure, or establishes zoning or land use requirements at the described premises;
 - (ii) Requires the demolition of undamaged parts of a covered building or structure that is damaged

or destroyed by a Covered Cause of Loss; and

- (iii) Is in force at the time of loss.

But coverage under this Additional Coverage applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this coverage.

- (b) (i) The building sustains direct physical damage that is covered under this Policy and such damage results in enforcement of the ordinance or law; or
- (ii) The building sustains both direct physical damage that is covered under this Policy and direct physical damage that is not covered under this Policy, and the building damage in its entirety results in enforcement of the ordinance or law.
- (iii) But if the building sustains both direct physical damage that is covered under this Policy and direct physical damage that is not covered under this Policy, and the damage that is not covered is the subject of the ordinance or law, then there is no coverage under this Additional Coverage.
- (c) In the situation described in (b)(ii) above, we will not pay the full amount of loss otherwise payable under the terms of coverages for Coverage for Loss to Undamaged portion of the Building, Demolition Cost Coverage or Increased Cost of Construction Coverage. Instead, we will only pay the proportion that covered direct physical damage bears to the total direct physical damage.

However, if the covered direct physical damage alone would have resulted in enforcement of the ordinance or law, then we will pay the full amount of the loss otherwise payable under the terms of Coverage for Loss or Damage to the Undamaged Portion of the Building, Demolition Cost Coverage or Increased Cost of Construction Coverage.

- (3) We will not pay under this Additional Coverage for the costs associated with the enforcement of any ordinance or law which requires an insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

(4) Coverage

(a) Loss to Undamaged Portion of the Building

With respect to the building that has sustained covered direct physical damage; we will pay for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building. Coverage for Loss to the Undamaged Portion of the Building is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. Coverage does not increase the Limit of Insurance.

(b) Demolition Cost

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of the undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

(c) Increased Cost of Construction

With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- (i) Repair or reconstruct damaged portions of that buildings; and/or
- (ii) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required,

when the increased cost is a consequence of enforcement of the minimum requirements of the ordinance or law.

However:

This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.

We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

The Coinsurance Additional Condition does not apply to Increased Cost of Construction Coverage.

(5) Loss Payment

- (a) The following loss payment provisions are subject to the apportionment procedure set forth in Section **m.2.(c)** of this Additional Coverage.
- (b) When there is a loss in value of an undamaged portion of the building to which Coverage for Loss to the Undamaged Portion of the Building applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:
 - (i) If the property is repaired or replaced on the same premises, we will not pay more than the lesser of:

- (1) The amount you actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.
- (ii) If the property is not repaired or replaced, we will not pay more than the lesser of:
- (1) The actual cash value of the building; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered building.
- (c) Loss payment will be determined as follows:
- (i) For Demolition Cost, we will not pay more than the lesser of the following:
 - (1) The amount you actually spend to demolish and clear the site of the described premises; or
 - (2) \$250,000 or the limit shown in the Amended Limits of Insurance Endorsement.
 - (ii) For Increased Cost of Construction:
 - (1) We will not pay for the increased cost of construction:
 - (a) Until the property is actually repaired or replaced, at the same or another premises; and
 - (b) Unless the repairs or replacement are made as soon as possible after the loss or damage, not to exceed two years.
 - (2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the lesser of:
 - (a) The increased cost of construction at the same premises; or
 - (b) \$250,000 or the limit shown in the Amended Limits of Insurance Endorsement.

22. Outdoor Property

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010, Paragraph **e. Outdoor Property** is deleted and replaced by the following:

e. Outdoor Property

- (1) You may extend insurance provided by this Coverage Form to apply to your radio and television antennas (including satellite dishes), bleachers, grandstands, refreshment stands, press boxes, ticket booths, scoreboards, trees, plants and shrubs, including debris removal expense, caused by or resulting from a Covered Cause of Loss.
- (2) Coverage under this Extension does not apply to property held for sale by you.
- (3) The most we will pay for loss or damage under this Extension for antennas, satellite dishes, trees, plants and shrubs is \$25,000, however, we will not pay more than \$1,000 for loss or damage to

any one tree, plant or shrub under this Extension.

Regardless of the number of described premises involved, the most we will pay under this Extension for loss or damage in any one "occurrence" is \$100,000 or the limit shown in the Amended Limits of Insurance Endorsement.

23. Paved Surfaces

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010 the following is added:

k. Paved Surfaces

- (1) You may extend the insurance that applies to your Building to apply to your paved surfaces, including but not limited to bridges, roadways, walks, patios, parking lots, running tracks, playgrounds and athletic fields both artificial and natural turf.
- (2) Regardless of the number of described premises involved, the most we will pay for loss or damage in any one "occurrence" at the described premises is \$100,000.

(3) Special Paved Surfaces Exclusion

We will not pay for loss or damage caused by freezing or thawing.

24. Personal Effects of Students

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

o. Personal Effects of Students

- (1) We will pay for direct physical loss or damage caused by a Covered Cause of Loss to the personal effects of students while located at the described premises or while in your vehicle.
- (2) The most we will pay for loss or damage under this Additional Coverage is \$100,000 at each described premises or the limit shown in the Amended Limits of Insurance Endorsement. We will not pay more than \$2,500 in total for loss or damage to personal effects belonging to any one

student in any one "occurrence" regardless of the number of types of personal effects damaged.

- (3) The amount payable under this Additional Coverage is additional insurance.

(4) Special Personal Effects of Students Exclusion

We do not cover "theft" from an unattended vehicle except when it is securely locked, its windows are fully closed, and there is visible evidence that entry into the vehicle was forced.

25. Pollutant Clean Up and Removal

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, Paragraph **d. Pollutant Clean-Up and Removal** is deleted and replaced by the following:

d. Pollutant Clean-Up and Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each

described premises is \$50,000 or the limit shown in the Amended Limits of Insurance Endorsement for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

This Additional Coverage is an additional amount of insurance.

26. Preservation of Property – Expense

Under **Section A. Coverage, 4. Additional Coverage** of Building and Personal Property Coverage Form CP 0010, the following is added:

p. Preservation of Property – Expense

- (1) If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay your expenses to move or store the Covered Property.
- (2) This coverage applies for 90 days after the property is first moved, but does not extend past the date on which this policy expires.
- (3) The most we will pay under this Additional Coverage is \$25,000 or the limit shown in the Amended Limits of Insurance Endorsement.
- (4) The amount payable under this Additional Coverage is additional insurance.

27. Property in Transit

Under **Section F. Additional Coverage Extensions** of Cause of Loss – Special Form CP 1030, Paragraph 1. **Property in Transit** is deleted and replaced by the following:

1. Property in Transit

- a. You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage, caused by a Covered Cause of Loss, to your property or property of others that is in your care, custody or control while “in transit”.
- b. You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage, caused by a Covered Cause of Loss, to outgoing shipments that have been rejected, while in due course of transit back to you or while awaiting return shipment to you.
- c. This Extension applies to the property while:
 - (1) In a vehicle owned, leased or operated by you; or

- (2) In the custody of a common carrier or contract carrier.

- d. The following Exclusions do not apply to this Extension:

- (1) Earth Movement; and
- (2) Water.

- e. The most we will pay for loss or damage under this Extension is \$50,000 or the limit shown in the Amended Limits of Insurance Endorsement.

This Coverage Extension is additional insurance.

f. Special Property in Transit Exclusions

This Extension does not apply to:

- (1) Shipments that belong to others that you are transporting for a fee;
- (2) Salesperson’s samples; or
- (3) Loss to “perishable goods” resulting from a breakdown of refrigeration equipment on any vehicle owned, leased or operated by you or while in the custody of a common or contract carrier.

28. Property Off-Premises

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010, Paragraph **d. Property Off-Premises** is deleted and replaced by the following:

d. Property Off-Premises

- (1) You may extend the insurance that applies to Business Personal Property while:
 - (a) Temporarily at a location you do not own, lease or operate; or
 - (b) At any fair, trade show or exhibition.
- (2) The most we will pay for loss or damage under this Extension is \$100,000 or the limit shown in the Amended Limits of Insurance Endorsement.

29. Prototypes

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010, the following is added:

I. Prototypes

- (1) You may extend the insurance that applies to your Business Personal Property to apply to direct physical loss or damage, caused by a Covered Cause of Loss, to “prototypes” related to your “research and development operations” that:

- (a) You own; or
- (b) Are owned by others and in your care, custody or control, while at a described premises.

- (2) We will not pay for loss or damage to “prototypes” until you actually replicate such property. Repairs or replication must be made as soon as reasonably possible after the loss or damage, but in no event later than two years after the loss or damage unless we grant an extension in writing prior to the expiration of the two year period.

- (3) Payment under this Extension is included within your Business Personal Property Limit of Insurance.

30. Real Property of Others Required by Contract

Under **Section A. Coverage, 1. Covered Property** of Building and Personal Property Coverage Form CP 0010, the following is added under Paragraph **b. Your Business Personal Property**:

- (11) Real Property coverage including, but not limited to building, doors and windows for which you have responsibility under a contract or lease agreement.

The most we will pay for loss or damage under this Extension is \$5,000.

31. Rewards – Arson, Theft, Vandalism

Under **Section A. Coverage, 4. Additional Coverages**, of Building and Personal Property Coverage Form CP 0010, the following is added:

q. Rewards – Arson, Theft, Vandalism

- (1) We will reimburse you for payment of any reward offered on your behalf and for information that leads to the arrest and conviction of the person or persons responsible for:

- (a) Arson;
- (b) “Theft”; or
- (c) Vandalism to Covered Property.

- (2) The arrest or conviction must involve a covered loss caused by arson, “theft” or vandalism.

- (3) The most we will pay under this Additional Coverage is \$25,000 or the limit shown in the Amended Limits of Insurance Endorsement. The amount we pay is not increased by the number of persons involved in providing the information.

- (4) The amount payable under this Additional Coverage is additional insurance.

- (5) The deductible does not apply to this Additional Coverage.

32. Sewer Backup

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

r. Sewer Backup

- (1) We will pay for direct physical loss or damage to Covered Property at the described premises, solely caused by or resulting from water or waterborne material carried or moved by water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment.

- (2) The most we will pay under this Additional Coverage for loss or damage in any one “occurrence” at a described premises is \$100,000.

- (3) This coverage is not an additional amount of insurance.

(4) Special Sewer Backup Exclusion

We will not pay for loss or damage from water or other materials that back-up or overflow from any sewer or drain when it is caused by or results from any “flood”, regardless of the proximity of the back-up or overflow to the “flood” condition.

33. Special Settlement Provisions

A. Agreed Amount Coverage (losses \$25,000 or less)

Under **Section F. Additional Conditions** of Building and Personal Property Coverage Form CP 0010, Paragraph 1. **Coinsurance** applies only when the total loss or damage to all Covered Property in any one "occurrence" is \$25,000 or higher, before application of any deductible.

B. Replacement Cost – Leased Personal Property

If under **Section G. Optional Coverages** of Building and Personal Property Coverage Form CP 0010, Paragraph 3. **Replacement Cost** is shown as applicable in the Declarations, then Paragraph 3.b.(1) is deleted and replaced by the following:

- (1) Personal Property of others except for leased personal property for which you have a contractual responsibility to insure.

34. Spoilage

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010, the following is added:

m. Spoilage

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage to your "perishable goods" at the described premises, caused by or resulting from either of the following causes of loss:

- (a) Breakdown or Contamination, meaning:
- (i) Change in temperature or humidity resulting from mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and
 - (ii) Contamination by the refrigerant.
- (b) Power Outage, meaning change in temperature or

humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

- (2) Coverage under this Extension does not apply to property located on buildings or in the open or in vehicles.
- (3) The most we will pay for loss or damage under this Extension in any one "occurrence" is \$25,000 or the limit shown in the Amended Limits of Insurance Endorsement.

(4) Special Spoilage Exclusions

We will not pay for loss or damage caused by or resulting from:

- (a) The disconnection of any refrigerating, cooling or humidity control system from the source of power;
- (b) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current;
- (c) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (i) Lack of fuel; or
 - (ii) Governmental order.
- (d) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand; or
- (e) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

35. Utility Services

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

s. Utility Services

- (1) We will pay for loss of or damage to Covered Property caused by an interruption in service to the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to property not on the described premises that provides the services shown below in Paragraph (3).

The most we will pay for loss in any one "occurrence" under this Additional Coverage is \$100,000 at each described premises or the limit shown in the Amended Limits of Insurance Endorsement.

- (2) We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur caused by the interruption of service at the described premises. The interruption must result from direct physical loss or damage by a Covered Cause of Loss to property not on the described premises that provides the services shown below in Paragraph (3).

We will only pay for loss you sustain after the first 24 hours following the direct physical loss or damage to the property described above.

The most we will pay for loss in any one "occurrence" under this Additional Coverage is \$100,000 at each described premises or the limit shown in the Amended Limits of Insurance Endorsement.

- (3) Services:

- (a) Water Supply Services, meaning the following types of property supplying water to the described premises:
- (i) Pumping stations; and
 - (ii) Water mains.

- (b) Communication Supply Services, meaning the following types of property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:

- (i) Communication transmission lines, including optic fiber transmission lines;
- (ii) Coaxial cables; and
- (iii) Microwave radio relays except satellites.

- (c) Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:

- (i) Utility generating plants;
- (ii) Switching stations;
- (iii) Substations;
- (iv) Transformers; and
- (v) Transmission lines.

Services under this Additional Coverage do not include overhead transmission lines that deliver utility services to you.

Overhead transmission lines include, but are not limited to:

- (i) Overhead transmission and distribution lines;
- (ii) Overhead transformers and similar equipment; and
- (iii) Supporting poles and towers.

- (4) This coverage is not an additional amount of insurance.
- (5) Coverage under this Additional Coverage for loss or damage to Covered Property does not apply to loss or damage to "electronic data", including destruction or corruption of "electronic data".
- (6) **Special Utility Services Exclusion**

Coverage under this Additional Coverage does not include loss of "perishable goods" due to "spoilage" that results from:

- (a) Complete or partial lack of electrical power; or
- (b) Fluctuation of electrical current.

36. Windblown Debris

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010, the following is added:

n. Windblown Debris

We will pay your reasonable expenses to remove the windblown debris (including trees) from the described premises, if it is carried to the described premises from the premises of others by wind, during the policy period.

The most we will pay in any one "occurrence" in total for the removal of all windblown debris under this Extension is \$2,500 or the limit shown in the Amended Limits of Insurance Endorsement.

37. Worldwide Property Off-Premises

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010, the following is added:

o. Worldwide Property Off Premises

- (1) You may extend the insurance that applies to Business Personal Property and Personal Property of Others in your care, custody or control to apply to that property while it is outside the coverage territory if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) Temporarily on display or exhibit at any fair, trade show or exhibition; or
 - (c) While "in transit" between the described premises and a location described in (a) or (b) above.
- (2) The most we will pay for loss or damage under this Extension is \$50,000 or the limit shown in the Amended Limits of Insurance Endorsement.
- (3) The amount payable under this Extension is additional insurance.

B. Coverages Included in Blanket Limit of Insurance

1. Accounts Receivable

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

t. Accounts Receivable

- (1) We will pay for loss or damage caused by or resulting from a Covered Cause of Loss to your records of Accounts Receivable.

Accounts Receivable means:

- (a) All amounts due from your customers that you are unable to collect;
- (b) Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
- (c) Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
- (d) Other reasonable expenses that you incur to re-establish your records of accounts receivable.

- (2) The most we will pay under this Additional Coverage for loss or damage in any one "occurrence" at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

(3) Special Accounts Receivable Exclusions

We will not pay for loss or damage:

- (a) Caused by alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or "other property".

This exclusion applies only to the extent of the wrongful giving, taking or withholding.

- (b) Caused by bookkeeping, accounting or billing errors or omissions.
- (c) That requires any audit of records or any inventory computation to prove its factual existence.

2. Electronic Data Processing Equipment

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

u. Electronic Data Processing Equipment

- (1) We will pay for direct physical loss or damage from a covered Cause of Loss to the following Covered Property which is your property or property in your care, custody or control:
 - (a) "Computer equipment"; and
 - (b) Programming documentation and instruction manuals.
- (2) We will also cover the necessary extra expenses you incur to avoid or minimize the suspension of business and to continue "operations" because of direct physical loss or damage to covered property.
- (3) The following Exclusions do not apply to this Additional Coverage:
 - (a) Earth Movement; and
 - (b) Water.
- (4) The most we will pay under this Additional Coverage for loss or damage in any one "occurrence" at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

(5) Special Electronic Data Processing Equipment Exclusions

We do not cover:

- (a) Direct physical loss to covered property caused by:
 - (i) "Electrical disturbance";
 - (ii) "Power supply disturbance;"
 - (iii) "Mechanical breakdown";

- (iv) "Computer virus"; or
- (v) "Computer hacking".

3. Fine Arts

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

v. Fine Arts

- (1) We will pay for direct physical loss to "fine arts" which are your property or the property of others in your care, custody or control while on the described premises. We also cover your "fine arts" while temporarily on display or exhibit away from the described premises or while "in transit" between the described premises and a location where the "fine arts" will be temporarily on display or exhibit.
- (2) The following Exclusions do not apply to this Additional Coverage:
 - (a) Earth Movement; and
 - (b) Water.
- (3) The most we will pay under this Additional Coverage for loss or damage in any one "occurrence" at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.
- (4) The amount payable under this Additional Coverage is additional insurance.

(5) Special Fine Arts Exclusion

We will not pay for any loss caused by or resulting from:

- (a) Breakage of statuary, glassware, bric-a-brac, marble, porcelain and similar fragile property. But we will pay if the loss or damage is caused directly by a "specified cause of loss", earthquake or "flood"; and
- (b) Any repairing, restoration or retouching of the "fine arts".

4. Fire Department Service Charge

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP

0010, Paragraph **c. Fire Department Service Charge** is deleted and replaced by the following:

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Loss, we will pay your actual expenses for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No deductible applies to this Additional Coverage.

The most we will pay under this Additional Coverage for loss or damage in any one "occurrence" at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

5. Fire Protection Equipment Recharge

Under **Section A. Coverage, 4. Additional Coverages** of Building and Personal Property Coverage Form CP 0010, the following is added:

w. Fire Protection Equipment Recharge

- (1) We will pay expenses you incur to recharge or refill your automatic fire extinguishing equipment or hand held fire extinguishing equipment when the equipment is discharged:
 - (a) To fight a fire;
 - (b) As a result of a Covered Cause of Loss; or
 - (c) As a result of an accidental discharge.
- (2) We will not pay for the recharge of any equipment:
 - (a) As a result of a discharge during testing or installation; or
 - (b) Due to maintenance of the equipment.
- (3) The most we will pay under this Additional Coverage for loss or damage in any one "occurrence" at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the

Amended Limits of Insurance Endorsement.

6. Personal Effects and Property of Others

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010, Paragraph **b. Personal Effects and Property of Others** is deleted and replaced by the following:

b. Personal Effects and Property of Others

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to:
 - (a) Personal effects owned by you, your officers, your partners or members, your "managers" or officers, your directors, your trustees or your "employees".
 - (b) Personal property of others in your care, custody or control.
- (2) We will not pay more than \$5,000 in total for loss or damage for any one person, in any one "occurrence". Our payment for loss or damage to personal property of others will only be for the account of the owner of the property. No deductible applies to this Extension.
- (3) Regardless of the number of persons involved, the most we will pay under this Extension is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

7. Research and Development Documentation

Under **Section A. Coverage, 5. Coverage Extensions** of Building and Personal Property Coverage Form CP 0010, the following is added:

p. Research and Development Documentation

- (1) You may extend the insurance that applies to Business Personal Property to apply to direct physical loss or damage, resulting from a Covered Cause of Loss, to "research and development documentation" that you own or

that is in your care, custody or control at a described premises.

- (2) Paragraph **B. Exclusions** of CP 1030 do not apply to this Coverage Extension, except for:

- (a) Paragraph **B.1.c. Governmental Action**;
- (b) Paragraph **B.1.d. Nuclear Hazard**;
- (c) Paragraph **B.1.f. War and Military Action**;
- (d) Paragraph **B.2.h. Dishonesty**;
- (e) Paragraph **B.2.i. False Pretense**; and
- (f) Paragraph **B.3.**

- (3) This Coverage Extension does not apply to loss or damage caused by or resulting from:

- (a) Electrical or magnetic injury, disturbance or erasure of electronic recordings that is caused by or results from:
 - (i) Programming errors or faulty machine instructions; or
 - (ii) Faulty installation or maintenance of data processing equipment or component parts.
- (b) Errors or omissions in processing or copying. But if errors or omissions in processing or copying results in fire or explosion, we will pay for the direct loss or damage caused by the fire or explosion;
- (c) Erasure of "research and development documentation"; or
- (d) Unauthorized instructions to transfer property to any person or place.

- (4) Coverage provided by this Extension does not apply to "research and development documentation" which exist as "electronic data".

- (5) We will not pay for loss or damage to "research and development documentation" until you actually replicate such documentation.

Repairs or replication must be made as soon as reasonably possible after the loss or damage, but in no event later than two years after the loss or damage unless we grant an extension in writing prior to the expiration of the two-year period.

- (6) We will not pay for loss or damage to "research and development documentation" applicable to:

- (a) Products that are obsolete;
- (b) Existing products you have withdrawn from the market; or
- (c) Existing products you have not sold in the last twelve months prior to the loss.

- (7) Regardless of the number of insured locations involved, the most we will pay under this Extension for loss or damage in any one "occurrence" at a described premises is subject to the Blanket Coverage Limit of Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

8. Valuable Papers and Records (Other Than Electronic Data)

Under **Section A. Coverage, 5. Coverage Extensions**, of Building and Personal Property Coverage Form CP 0010, Paragraph **c. Valuable Papers and Records (Other Than Electronic Data)** is deleted and replaced by the following:

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to direct physical loss or damage to "valuable papers and records" that you own, or that are in your care, custody or control caused by a Covered Cause of Loss. This Extension includes the cost to research, replace or restore the lost information on "valuable papers and records" for which duplicates do not exist.
- (2) The following Exclusions do not apply to this Coverage Extension:
 - (a) Earth Movement; and
 - (b) Water.

The most we will pay under this Extension for loss or damage in any one "occurrence" at a described premises is subject to the Blanket Coverage Limit of

Insurance or the limit shown in the Amended Limits of Insurance Endorsement.

IV. VALUATION

Under **Section E. Loss Conditions** of Building and Personal Property Coverage Form CP 0010, Paragraph 7. b. is deleted and replaced by the following:

- b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
- (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering;
- (3) Outdoor equipment or furniture; or
- (4) Retaining walls.

Under **Section E. Loss Conditions** of Building and Personal Property Coverage Form CP 0010, Paragraph 7. **Valuation**, the following are added:

- f. "Valuable papers and records" at the cost of restoration or replacement, including the cost of data entry, re-programming, computer consultation services and the "media" on which the data or programs reside. To the extent that the contents of the "valuable papers and records" are not replaced or restored, the "valuable papers and records" will be valued at the cost of blank materials for reproducing the records and the labor to transcribe or copy the records when there is a duplicate.
- g. "Money" at its face value.
- h. "Securities" at their value at the close of business on the day the loss is "discovered".
- i. Accounts Receivable:
- (1) If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
 - (a) We will determine the total of the average monthly amounts of accounts receivable for the 12 months preceding the month in which loss or damage occurs; and

- (b) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
- (2) The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (a) The amount of the accounts for which there is no loss or damage;
 - (b) The amount of the accounts that you are able to re-establish or collect;
 - (c) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (d) All unearned interest and service charges.
- j. Property "in transit" (other than "stock" you have sold) at the amount of invoice, including your prepaid or advanced freight charges and other charges which may have accrued or become legally due since the shipment. If you have no invoice, actual cash value will apply.
- k. "Hardware":
- (1) "Hardware" that is replaced will be at the cost of replacing the "hardware" with new equipment that is functionally comparable to the "hardware" that is being replaced.
 - (2) "Hardware" that is not replaced will be at actual cash value at the time of loss.
 - (3) In no event will we pay more than the reasonable cost of restoring partially damaged "hardware" to its condition directly prior to the damage.
- l. "Software":
- (1) "Programs and applications" will be at the cost to reinstall the "programs and applications" from the licensed discs that were originally used to install the programs or applications.
If the original licensed discs are lost, damaged, or can no longer be obtained, the value of "programs and applications" will be based on the cost of the most current version of the "programs or applications".
 - (2) "Proprietary programs" will be at the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

If duplicate copies do not exist, the value of “proprietary programs” will be based on the cost of research or other expenses necessary to reproduce, replace, or restore lost “proprietary programs”.

- (3) “Electronic data” will be at the cost of reproduction from duplicate copies. The cost of reproduction includes, but is not limited to, the cost of labor to copy or transcribe from duplicate copies.

If duplicate copies do not exist, the value of “electronic data” will be based on the cost of research or other expenses necessary to reproduce, replace, or restore lost files, documents and records.

- (4) “Media” will be at the cost to repair or replace the “media” with material of the same kind or quality.

m. “Fine Arts”

We will pay the lesser of:

- (1) The market value at the time of loss or damage;
- (2) The reasonable cost of repair or restoration to the condition immediately before the covered loss or damage; or
- (3) The cost of replacement with substantially identical property.

For pairs or sets, we will either:

- (1) Repair or replace any part to restore the value and condition of the pair or set to that immediately before the covered loss or damage; or
- (2) Pay the difference between the value of the pair or set before and after the covered loss or damage.

- n.** Property of Others – our payment for loss of or damage to personal property of others will only be for the account of the owners of the property. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners’ property. We will not pay the owners more than their financial interest in the Covered Property.

- o.** We may elect to defend you against suits arising from claims of owners or property. We will do this at our expense.

- p.** Labor, materials and services that you furnish or arrange on personal property of others are valued based on the actual cost of the labor, materials and services.

- q.** Finished “stock” you manufactured at the selling price less discounts and expenses you otherwise would have had.

r. “Prototypes”:

We will not pay more than the least of the following amounts:

- (1) The replacement cost of such property used for the same product, but only if replacement cost is shown as applicable to Personal Property in the Declarations.

However, when replacement with identical property is impossible or unnecessary, the amount of loss will be based on the cost to replace with similar property used to perform the same functions. Property of others will be valued in the same manner, but we will not pay more than the amount for which you are legally liable; or

- (2) The amount you actually spend to repair or replace the lost or damaged “prototypes” used for the same purpose.

s. “Research and development documentation”:

We will not pay more than the least of the following amounts:

- (1) Your cost actually spent to reproduce lost or damaged “research and development documentation” from back-up files or original source documents;

- (2) The reasonable cost necessary to research, repair, restore, recreate, reconstitute, reproduce or replace “research and development documentation”, used for the same product, to their condition immediately before the loss or damage;

- (3) If identical “research and development documentation” cannot be purchased, the cost to purchase such documentation of comparable kind, function and quality; or

- (4) The amount you actually spend to research, repair, restore, recreate, reconstitute, reproduce or replace “research and development documentation”, used for the same product.

But we will not pay more than the cost to restore “research and development documentation” to its condition immediately prior to the loss.

V. DEFINITIONS

Under **Section H. Definitions** of Building and Personal Property Coverage Form CP 0010, the following are added:

4. "Antique" means an object having value because its:
 - a. Craftsmanship is in the style or fashion of former times; and
 - b. Age is 100 years or older.
5. "Banking premises" means the interior of that portion of any building occupied by a banking institution or similar safe depository.
6. "Computer equipment" means:
 - a. "Hardware" including laptops owned by you or in your care, custody or control;
 - b. "Software"; or
 - c. "Protection and control equipment".
7. "Computer hacking" means an unauthorized intrusion by an individual or group of individuals, whether employed by you or not, into "hardware" or "software", a Web site, or a computer network and that results in but is not limited to:
 - a. Deletion, destruction, generation, or modification of "software";
 - b. Alteration, contamination, corruption, degradation, or destruction of the integrity, quality or performance of "software";
 - c. Observation, scanning, or copying of "electronic data", "programs and applications", and "proprietary programs";
 - d. Damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or
 - e. Denial of access to or denial of services from "hardware", "software", computer network, or Web site including related "software".
8. "Computer Virus" means the introduction into "hardware", "software", computer network, or Web site of any malicious, self-replicating "electronic data" processing code or other code and that is intended to result in, but is not limited to:
 - a. Deletion, destruction, generation, or modification of "software";
 - b. Alteration, contamination, corruption, degradation, or destruction of the integrity, quality, or performance of "software";
 - c. Damage, destruction, inadequacy, malfunction, degradation, or corruption of any "hardware" or "media" used with "hardware"; or
 - d. Denial of access to or denial of services from "hardware", "software", computer network, or Web site including related "software".
9. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
10. "Discover" means the time when you first become aware of facts which would cause a reasonable person to assume that a loss of a type covered by this policy has been or will be incurred, regardless of when the act or acts causing or contributing to such loss occurred, even though the exact amount or details may not be known.
11. "Electrical disturbance" means electrical or magnetic damage, disturbance of electronic recordings, or erasure of electronic recordings.
12. "Electronic data" means files, documents, information and "programs and applications" in an electronic format and that are stored on "media".
13. "Electronic vandalism" means "computer hacking", "computer virus" or a "denial of service attack". "Electronic vandalism" does not include the "theft" of any property or services.
14. "Employee" means:
 - a. Any natural person:
 - (1) While in your service and for the first 30 days immediately after termination of service;
 - (2) Who you compensate directly by salary, wages or commissions; and
 - (3) Who you have the right to direct and control while performing services for you;
 - b. Any natural person who is furnished temporarily to you:
 - (1) To substitute for a permanent "employee", as defined in Paragraph a.(1), who is on leave; or
 - (2) To meet seasonal or short-term workload conditions,
 while that person is subject to your direction and control and performing services for you, excluding, however, any such person while having care and custody of property outside the premises;

- c. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary “employee” as defined in Paragraph a.(2);
- d. Any natural person who is:
- (1) A trustee, officer, “employee”, administrator or “manager”, except an administrator or “manager” who is an independent contractor, of any “employee benefit plan”; and
 - (2) A director or trustee of yours while that person is engaged in handling “funds” or “other property” of any “employee benefit plan”;
- e. Any natural person who is a former “employee”, partner, “manager”, director or trustee retained as a consultant while performing services for you;
- f. Any natural person who is a guest student or intern pursuing studies or duties, excluding however, any such person while having care and custody or property outside the described premises;
- g. Any “employee” of an entity merged or consolidated with you prior to the effective date of this policy; or
- h. Any of your “managers”, directors or trustees while:
- (1) Performing acts within the scope of the usual duties of an “employee”; or
 - (2) Acting as a member of any committee duly elected or appointed by resolution of your board of directors or board of trustees to perform specific, as distinguished from general, directorial acts on your behalf.
- “Employee” does not mean any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in Paragraph 13.
15. “Employee benefit plan” means any welfare or pension benefit plan shown that you sponsor and which is subject to the Employee Retirement Income Security Act of 1974 (ERISA) and any amendments thereto.
16. “Fine arts” means paintings, etchings, pictures, tapestries, rare art glass, art glass windows, valuable rugs, statuary, sculptures, “antique” jewelry, bric-a-brac, porcelains and similar property of rarity, historical value or artistic merit.
17. “Flood” means a general and temporary condition of partial or complete inundation of normally dry land areas due to:
- a. The overflow of inland or tidal waters;
 - b. The unusual or rapid accumulation of runoff of surface waters from any source; or
 - c. Mudslides or mudflows which are caused by flooding as defined in b. above. For the purpose of this Covered Cause of Loss, a mudslide or mudflow involves a river of liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current of water and deposited along the path of the current.
18. “Forgery” means the signing of the name of another person or organization with intent to deceive. It does not mean a signature which consists in whole or in part of one’s own name signed with or without authority, in any capacity, for any purpose.
19. “Funds” means “money” and “securities”.
20. “Hardware” means a network of electronic machine components (microprocessors) capable of accepting instructions and information, processing the information according to the instructions, and producing desired results. “Hardware” includes but is not limited to:
- a. Mainframe and mid-range computers and servers;
 - b. Personal computers and workstations;
 - c. Laptops, palmtops, notebook PCs, other portable computer devices and accessories including, but not limited to, multimedia projectors; and
 - d. Peripheral data processing equipment, including but not limited to, printers, keyboards, monitors, and modems.
21. “In transit” means in the course of shipment from or to the premises shown in the Declarations. It includes such shipments while temporarily stopped or delayed, incidental to the delivery.
22. “Manager” means a person serving in a directorial capacity for a limited liability company.
23. “Mechanical breakdown” means the malfunction or failure of moving or electronic parts, component failure, faulty installation, or blowout.

- 24.** “Media” means an instrument that is used with “hardware” and on which “electronic data”, “programs and applications”, and “proprietary programs” can be recorded or stored. “Media” includes, but is not limited to, films, tapes, cards, discs, drums, cartridges, cells, DVDs, or CD-ROMs.
- 25.** “Money” means:
- Currency, coins and bank notes in current use and having a face value; and
 - Travelers checks, register checks and “money” orders held for sale to the public.
- 26.** “Occurrence” means all loss or damage that is attributable to:
- An act, event, cause or series of similar, related acts, events or causes involving one or more persons; or
 - An act, event, cause or series of similar, related acts, events or causes not involving any person.
- 27.** “Operations” means your business activities occurring at the described premises.
- 28.** “Other property” means tangible property other than “money” and “securities” that has intrinsic value. “Other property” does not include computer programs, “electronic data” or any property specifically excluded under this policy.
- 29.** “Perishable goods” means personal property:
- Maintained under controlled temperature or humidity conditions for preservation; and
 - Susceptible to loss or damage if the controlled temperature or humidity conditions change.
- 30.** “Power supply disturbance” means interruption of power supply, power surge, blackout, or brownout.
- 31.** “Programs and applications” means operating “programs and applications” that you purchase and that are:
- Stored on “media”; or
 - Pre-installed and stored in “hardware”.
- Applications include, but is not limited to, programs for word processing, spreadsheet calculations, and graphic design.
- 32.** “Proprietary programs” means proprietary operating “programs and applications” that you developed or that you had developed specifically for use in your “operations” and that are:
- Stored on “media”; or
 - Installed and stored in “hardware”.
- 33.** “Protection and control equipment” means:
- Air conditioning equipment used exclusively in the operation of the “hardware”;
 - Fire protection equipment used for the protection of the “hardware”, including automatic and manual fire suppression equipment and smoke and heat detectors; and
 - Uninterruptible power supply systems, line conditioners, and voltage regulators.
- 34.** “Prototype” means an original version of a newly designed product that is an outcome of your “research and development operations”. A “prototype” includes sample designs, experimental models or displays that are associated with or integral to the manufacture of the original version of a newly designed product.
- 35.** “Research and development documentation” means written evidence of facts, information, processes, concepts or formulas that are directly related to the development of new products or enhancement of existing products. Written evidence includes written papers, plans, manuscripts, written or inscribed documents or plans.
- “Research and development documentation” does not include “valuable papers and records”, accounts receivable or “media”, “software” or data.
- 36.** “Research and development operations” means your business activities that are directly related to the development of new products or the enhancement of existing products.
- 37.** “Scientific and professional equipment” means medical, engineering, veterinary, measurement, recording, analyzing or similar equipment.
- 38.** “Securities” means negotiable and nonnegotiable instruments or contracts representing either “money” or property and includes:
- Tokens, tickets, revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you, but does not include “money”.
- 39.** “Software” means:
- “Media”; and
 - “Electronic data”;

- c. "Programs and applications"; and
 - d. "Proprietary programs".
40. "Spoilage" means any detrimental change in physical state of "perishable goods". Detrimental change includes, but is not limited to, thawing of frozen goods, warming of refrigerated goods, solidification of liquid or molten material, chemical reactions to material in process, and reduction in value of time sensitive materials.
41. "Theft" means the unlawful taking of property to the deprivation of the insured.
42. "Valuable papers and records" means:
- a. Inscribed, printed or written:
 - (1) Documents;
 - (2) Manuscripts; and
 - (3) Records,
including abstracts, books, deeds,
drawings, films, maps or mortgages; and
 - b. Similar items stored electronically.
- But, "valuable papers and records" does not mean "money" or "securities".

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EDUCATIONAL INSTITUTION SPECIAL PROPERTY ENDORSEMENT Amended Limits of Insurance

This endorsement modifies insurance provided under the following:

EDUCATIONAL INSTITUTION SPECIAL PROPERTY ENDORSEMENT

Limits of Insurance provided in the Educational Institution Special Property Endorsement are amended for the coverages below if there is a Limit of Insurance shown. If a Limit of Insurance is not shown below, then the Limit of Insurance provided in the Educational Institution Special Property Endorsement applies.

Coverages	Limit of Insurance
Blanket Limit of Insurance	\$250,000
Accounts Receivable	\$
Automated External Defibrillators	\$
Debris Removal	\$
E-Commerce	\$
Electronic Data Processing Equipment	\$
Employee Theft including ERISA Compliance	\$200,000
Expediting Expense	\$
Extra Expense	\$
Fine Arts	\$
Fire Department Service Charge	\$
Fire Protection Equipment Recharge	\$
Forgery or Alteration	\$
Foundations & Underground Pipes	\$
Glass Showcases	\$
Inventory & Loss Appraisal	\$
Key Replacement and Lock Repair	\$
Money & Securities	\$
Money Orders & Counterfeit Money	\$
Newly Acquired or Constructed Property – Building	\$
Newly Acquired or Constructed Property - Business Personal Property	\$
Ordinance or Law – Demolition Cost	\$
Ordinance or Law – Increased Cost of Construction	\$
Outdoor Property	\$
Personal Effects & Property of Others	\$
Personal Effects of Students	\$
Pollutant Clean-Up and Removal	\$
Preservation of Property – Expense	\$
Property in Transit	\$
Property Off-Premises	\$
Research and Development Documents	\$
Rewards – Arson, Theft, Vandalism	\$
Spoilage	\$
Utility Services – Direct Damage	\$
Utility Services – Business Income	\$
Valuable Papers	\$
Windblown Debris	\$
Worldwide Property Off-Premises	\$

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EMERGENCY EVENT MANAGEMENT COVERAGE

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM - CP 00 10
 BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM - CP 00 30
 CAUSES OF LOSS - SPECIAL FORM - CP 10 30

Refer to **Section G - Definitions** of this endorsement or the Definitions section of the coverage forms listed above for additional words or phrases which appear in quotation marks that have special meaning. When there is more than one meaning for the same words or phrase, the definition found in **Section G.** of this endorsement applies.

These coverages amend the insurance provided under the **Building and Personal Property Coverage Form** and **Business Income (and Extra Expense) Form** through new coverages. Unless otherwise noted, each Limit of Insurance shown below applies to your total loss or damage suffered after a "covered emergency" regardless of the number of "covered locations" involved. These coverages are subject to the provisions applicable to the **Building and Personal Property Coverage Form** and the **Business Income (and Extra Expense) Coverage Form** unless specifically provided for and amended within this endorsement. If any of the property insured under this endorsement is also insured under any other provisions of the policy of which this endorsement is made a part, or if more than one coverage under this endorsement applies to a specific type of property or "covered emergency", in the event of loss or damage, you may choose only one of the potentially applicable coverages to apply to that loss. The most we will pay in this case is the limit of liability applicable to the coverage you select.

Schedule of Coverage

Coverage	Policy Limit
A. Emergency Event Communication Expense	100,000
B. Emergency Event Business Income (and Extra Expense)	100,000
C. Post Emergency Event Expense	100,000

Coverage	Waiting Period
Emergency Event Communication Expense	None
Emergency Event Business Income	Follows waiting period in form CP 00 30
Extra Expense	None
Post Emergency Event Expense	None

A. Emergency Event Communication Expense

The following is added to **Section A.4 Additional Coverages**, of form **CP 00 10**:

Emergency Event Communication Expense

1. We will pay your emergency event communication expense resulting from a "covered emergency" at a "covered location" for sixty (60) consecutive days after a

"covered emergency" occurs.

Emergency event communication expense means:

- a. Extra expense incurred by your own communications department within the sixty (60) consecutive day period after the "covered emergency" when such expense is directly related to communications

activities relevant and necessary to the "covered emergency"; and

- b. Reasonable fees and costs you incur, within the sixty (60) consecutive day period after the "covered emergency", due to the use of professional crisis management organizations necessary to assist or advise you on communications strategies to:

- 1) Mitigate negative publicity; or
- 2) Restore the image of your enterprise

to pre-event levels following a "covered emergency".

2. This coverage is designed to assist you in dealing with initial, short-term communication issues created by a "covered emergency" for the affected "covered location". As such, we will not pay:

- a. Any cost related to communications advice received, or strategies developed, that address continuing publicity or image concerns for periods occurring after the immediate sixty (60) day period after a "covered emergency" – even when such expense is contracted for, or incurred within that initial sixty (60) days, or

- b. Communication-related expense dealing with mitigating negative publicity or restoring your enterprise's image at "covered locations" not sustaining the "covered emergency".

3. Regardless of the number of "covered locations" affected, the most we will pay after a "covered emergency" shall not exceed the applicable Emergency Event Communication Expense limit shown in the schedule of this endorsement.

4. The amount of emergency event communication expense loss will be determined based on the necessary additional expenses incurred by you to manage your communications regarding the "covered emergency" to your employees, shareholders, customers, government authorities, news media and other members of the public after the "covered emergency".

B. Emergency Event Business Income and Extra Expense - Optional Coverage

When the **Business Income (and Extra Expense) Coverage Form CP 00 30** is a part of the policy to which this endorsement is attached, the following, supplemented by other provisions of this endorsement, apply, and replace all provisions

of form **CP 00 30** under the terms of this endorsement.

1. Emergency Event Business Income and Extended Business Income Coverage

a. What We Pay For:

1) Emergency Event Business Income

Subject to the Waiting Period shown in the schedule of this endorsement, we will pay for the actual loss of "emergency event business income" you sustain due to the necessary "suspension" of your "operations" during the "emergency event period of restoration". The "suspension" must be caused by or result from a "covered emergency" at your "covered location".

2) Emergency Event Extended Business Income

If the necessary "suspension" of your "operations" caused by or resulting from a "covered emergency" produces an "emergency event business income" loss payable under this endorsement, we will also pay the actual loss of "emergency event business income" you incur during the period that:

- a) Begins on the date "operations" are resumed, or the "covered location" can be re-occupied by a tenant; and

- b) Ends on the earlier of:

- i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed had no "covered emergency" occurred; or

- ii) The date you could have the "covered location" re-occupied by a tenant, with reasonable speed, to a level that would have generated the rental income that would have existed if the "covered emergency" had not occurred; or

- iii) Thirty (30) consecutive days after the date determined in **Extended Business Income**

2.b.i). above.

b. Additional Conditions and Limitations - Business Income and Extended Business Income

- 1) When alternative locations, whether or not owned by you, could have been used to reduce any Business Income or Extra Expense loss but were not, we will not pay more than the calculable loss would have been had these other locations been used to mitigate loss.
- 2) When post event employee wages are claimed and payable under other coverage provisions of this endorsement, or elsewhere in this policy, they are not eligible for inclusion a second time as part of your continuing normal operating expense.
- 3) In the event that your loss of Emergency Event Business Income ends because it extends beyond the sixty (60) consecutive days provided after the "covered emergency", your coverage for Emergency Event Extended Business Income will commence only when and if you actually resume "operations" (or tenancy is re-established). Understandably however, it is not always possible to resume "operations" immediately upon expiration of the initial sixty (60) consecutive day period. When this is the case, your coverage for loss of income will not be continuous. An interruption in your coverage for income loss will occur between:
 - a) The end of your Emergency Event Business Income coverage; and
 - b) The start of your Emergency Event Extended Business Income coverage.

Such necessary delays in resuming your "operations" will not reduce any loss of Business Income or Extended Business Income payable under this endorsement.
- 4) Emergency Event Business Income and Extended Business Income does not apply to loss of Business Income or loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the

"covered emergency" in the area where the described premises are located.

c. Loss Determination - Business Income and Extended Business Income

- 1) The amount of "emergency event business income" loss will be determined based on:
 - a) The Net Income of the business at the "covered location" before the "covered emergency" occurred;
 - b) The likely Net Income of the business at the "covered location" if no "covered emergency" occurred, but not including any Net Income that:
 - i) Was earned due to increased sales or similar activity at other "covered locations" caused by the disruption of "operations" at the "covered location" where the "covered emergency" occurred; or
 - ii) Would have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the "covered emergency" on customers or other businesses;
 - iii) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the "covered emergency"; and
 - iv) Other relevant sources of information, including but not limited to:
 - (a) Your financial records and account procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.

2. Emergency Event Extra Expense

- a. We will pay "emergency event extra expense" you incur during the "emergency event period of restoration" caused by or resulting from a "covered emergency" to:

- 1) Avoid or minimize the “suspension” of your business and to continue “operations” at the “covered location” or at temporary or replacement locations, including relocation expenses and additional costs to equip and operate the temporary or replacement location; or
 - 2) Minimize the “suspension” of business if you cannot continue your “operations”.
- b. We will not pay for the cost to repair or replace property.
- c. This coverage ends the earlier of:
- 1) The date your “operations” are restored to a similar condition that would have existed had the “covered emergency” not occurred; or
 - 2) Sixty (60) consecutive days after the “covered emergency” event occurs.
- d. No deductible applies to this Emergency Event Extra Expense coverage.
- e. The amount of “emergency event extra expense” loss will be based on:
- 1) All necessary expenses related to the “covered emergency” that exceed the normal operating expenses that would have been incurred by “operations” during the “emergency event period of restoration” if no “covered emergency” had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the “emergency event period of restoration”, once “operations” are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written, subject to the same plan, terms, conditions and provisions as this insurance;
 - 2) Necessary expenses that reduce the “emergency event business income” loss that otherwise would have not been incurred.
- f. “Emergency event extra expense” applies only to those expenses incurred to deal with your “operations” and does not include other types of expenditures such as ransom money - paid directly or

indirectly to actual or alleged perpetrators causing, or those threatening to cause, a “covered emergency” - or any reward offered relating to such persons whether or not leading to arrest and conviction.

The following provisions apply to B.1. and B.2 above:

3. Limit of Insurance - More than One Covered Location Affected

Regardless of the number of “covered locations” affected, the most we will pay after a “covered emergency” under the coverages afforded in **B.(1)** and **B.(2)** combined shall not exceed the Emergency Event Business Income (and Extra Expense) Limit of Insurance shown in the schedule of this endorsement.

4. Resumption of Operations - We will reduce the amount of your:

- a) “Emergency event business income” loss, other than “emergency event extra expense”, to the extent you can resume your “operations”, in whole or in part, at the affected “covered location” or elsewhere;
- b) “Emergency event extra expense” loss to the extent you can return “operations” to normal and discontinue such “emergency event extra expense”.

If you do not resume “operations”, or do not resume “operations” as quickly as possible, we will pay based on the length of time it would have taken to resume “operations” as quickly as possible.

5. Business Income, Extended Business Income and Extra Expense Coverage when an insured peril and a “covered emergency” jointly cause loss or damage.

- a. In the event of a covered loss, this endorsement, as well as other parts of the policy, may provide Business Income, Extended Business Income or Extra Expense coverage.
- b. When such parallel coverage exists and a “covered emergency” under this endorsement joins with a covered peril under other policy provisions to produce covered loss or damage resulting in Business Income, Extended Business Income or Extra Expense loss, you:
 - 1) May choose which Business Income, Extended Business Income or Extra Expense coverage to apply to the

jointly covered Business Income, Extended Business Income or Extra Expense loss.

- 2) May not bundle or otherwise stack applicable limits of insurance to create a limit of insurance greater than the specific limit of insurance applying to the Business Income, Extended Business Income or Extra Expense coverage you have chosen to apply.
 - c. If any portion of the loss is not joint, and only one Business Income, Extended Business Income or Extra Expense coverage applies, the terms, conditions and limit of liability for that coverage will be used to determine that portion of the recoverable loss.
- 6. Post Emergency Event Expense**

- a. We will pay your post emergency event expense incurred as a result of a "covered emergency" at your "covered location". Payment under this coverage will begin immediately after the "covered emergency" and apply for up to sixty (60) consecutive days but will not exceed the Post Emergency Event Limit of Insurance shown in the schedule of this endorsement.
- b. Post emergency event expense means reasonable and necessary expenses incurred by any invitee, meaning your employees, customers and others with legitimate business on site who:
 - 1) Were physically on the affected "covered location" when the "covered emergency" occurred, and
 - 2) Suffered physical or other medically-based harm directly due to the "covered emergency" that results in any of the following:
 - (a) Medical treatment;
 - (b) Psychological counseling or other mental health treatment;
 - (c) Travel costs to and from a local provider of such services; or
 - (d) Funeral and burial expenses for those on site invitees who died as a result of the "covered emergency".
- c. Coverage is extended only to those whose treatment or expense arises directly from the trauma of the "covered emergency".

- d. All covered treatments or expenses must take place within sixty (60) consecutive days after the "covered emergency". If the treatment or expense occurs beyond the sixty (60) day expiration period, it is not covered. This applies even if the treatment or expense was scheduled or paid for before the sixty (60) day coverage period expired.
- e. No coverage is extended or implied beyond that specifically declared above.
- f. This coverage does not extend to include any of the above costs or expenses incurred directly or indirectly by any person (or their families) who, directly or indirectly, instigated, threatened, funded, perpetrated, participated or otherwise supported the activities leading to the "covered emergency".

D. Exclusions

1. Deleted Exclusions - Emergency Event Management Coverage Endorsement

For loss claimed under this endorsement only, the following exclusions under the **CP 10 30** are deleted:

- a. **B.1.h. "Fungus", Wet Rot, Dry Rot and Bacteria;**
- b. **B.2.h. Dishonest or Criminal Acts;**
- c. **B.3.b. Acts or Decisions;** and
- d. **B.3.c. (1) - (4) Faulty, Inadequate or Defective actions, activities or materials.**

Deletion of the foregoing applies only to the terms of this endorsement. All exclusions otherwise continue to apply to all other loss claimed under this policy unless specifically stated otherwise.

2. Additional Exclusions - Emergency Event Management Coverage Endorsement

The following exclusions are added to section **B.1.** of the **CP 10 30** for loss claimed under this endorsement only:

- a. Windstorm or hail;
- b. Illegal, dishonest or criminal act by you, or any of your partners, directors, officers or trustees whether or not:
 - 1) Acting independently or with others without your knowledge;
 - 2) Acting alone or in collusion with others - whether employees or others; or
 - 3) Whether or not occurring during the hours of employment.

- c. Any claim or suit by a third party for bodily injury or property damage including defense costs related to bodily injury or property damage beyond that provided in provision **C.(2)** above.

3. Insured Against Events and Consequential Loss

- a. This endorsement does not apply, and will not respond, to loss events other than those specifically described under the definition for "covered emergency".
- b. Excepting the specific coverage grants provided within this endorsement, this endorsement does not extend to include consequential loss caused in whole or part by any "covered emergency".

4. Communicable Diseases Viruses

Except as provide in the "covered illness" definition, this endorsement does not apply, and will not respond, to any loss directly or indirectly attributable to communicable diseases or viruses including, but not limited to:

- a. Anthrax;
- b. Avian Influenza;
- c. Crimean-Congo Hemorrhagic;
- d. Dengue Hemorrhagic Fever;
- e. Ebola Hemorrhagic Fever;
- f. Francisella Tularensis;
- g. Influenza;
- h. Lasso Fever;
- i. Marburg Hemorrhagic Fever;
- j. Meningococcal disease;
- k. Plague;
- l. Rift Valley Fever;
- m. Severe Acute Respiratory Syndrome (SARS);
- n. Smallpox;
- o. Tularemia;
- p. Yellow Fever; and
- q. Any pandemic or similar flu which is defined by the United States Center for Disease Control as a virulent human flu that may cause global outbreak, or pandemic, or serious illness.

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for

an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

- a. In the event of a "covered emergency" you must:
 - 1) Notify law enforcement if a law may have been broken.
 - 2) Within forty-eight (48) hours of the time you, or any of your: partners, directors, officers, trustees or employees with management or supervisory authority, first become aware of it, give us prompt notice of any "covered emergency" or event that is likely to lead to a "covered emergency". This notification does not guarantee that a "covered emergency" has occurred.
 - 3) After a verbal notification to us, upon our request, you must, with immediacy, provide us a written description of the "covered emergency".
 - 4) Such notice and description will include, but is not limited to:
 - a) Specifics as to when, where and how the "covered emergency" occurred or is occurring;
 - b) The name, address and any other pertinent information pertaining to any injured persons including the cause, nature, location and extent of their injuries;
 - c) Witnesses to the event, its origins or injuries to any person, emergency responder, and, when known, potential perpetrators;

- d) Response activities undertaken by you or others to address the consequences of the "covered emergency"; and
 - e) The nature and location of any physical damage to the "covered location" arising out of the "covered emergency" and the current repair status of such damage.
- 5) Take all reasonable steps to protect your invitees and the covered property at the "covered location" from further injury or damage, and keep a record of your expenses necessary to do so for consideration in the settlement of the claim. These actions do not guarantee such expenses will be covered nor will they increase the Limit of Insurance. In addition, we will not pay for any subsequent injury, loss or damage resulting from other than a "covered emergency". Also, if feasible, preserve and set damaged property aside and in the best possible order for examination.
- 6) As often as may be reasonably required, permit us to inspect the property proving the injury, loss or damage, and examine your books and records.
- Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- 7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- 8) Cooperate with us in the investigation or settlement of the claim.
- 9) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records.

In the event of an examination, an insured's answers must be signed.

3. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this endorsement and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

F. Additional Loss Conditions

1. With respect to the coverages provided by this endorsement:
- a. **Section F.1. Additional Conditions, Coinsurance** of form **CP 0010** does not apply.
 - b. The waiting period deductibles shown in the schedule of this endorsement are the only deductibles that will apply to coverage under this endorsement. **Section D. Deductible**, of form **CP 0010** does not apply.
 - c. When a loss covered under this endorsement occurs due to, or simultaneously with, a loss covered under other provisions of this policy, the deductibles shown in the schedule of this endorsement apply independently, and in addition to, any other deductible that may apply to the combined loss.
 - d. **Other Insurance**
- If there is other insurance covering the same loss under this policy or any other policy, we will pay only the amount of the covered loss in excess of the amount due from the other insurance, whether collectible or not. If the other insurance covers the same loss but includes a higher deductible, we will pay for the difference between the deductible applicable to the coverage in this endorsement and that other Coverage. Other insurance, as it pertains to this endorsement, includes the insurance coverage or non-insurance services provided by an employer's Employee Assistance Plan or similar mental health service. Regardless of other insurance, we will not pay more than the applicable limit of insurance.
2. Loss or damage by a "covered emergency" as provided by this endorsement only applies to the coverages provided by this endorsement. "Covered emergency" does not apply to any

other insurance provided by this policy, including but not limited to any coverages for Business Income (and Extra Expense). A “covered emergency” is not a Covered Cause of Loss in any Coverage Form unless specifically added by another endorsement as a Covered Cause of Loss to that Coverage form.

G. Additional Definitions

With respect to the coverage provided by this endorsement, the following definitions are added. When defined terms shown only in the singular below but used in the plural within the body of the endorsement appear, it is understood that the singular definition is extended to apply to the plural.

1. **“Contaminated” or “contamination”** means to make unfit for use by the introduction of unwholesome or undesirable elements.

2. **“Covered Emergency”** means the following:

a. Violent Acts

1) An act committed with malicious intent on your “covered location” against any person(s) or entity’s employee(s) that results in physical injury or death to such person(s) or bystanders.

This does not apply to such acts by an committed by you, or any of your: partners, directors, officers or trustees.

2) Attempted or threatened actions with malicious intent to be committed on your “covered location” against any person(s) or entity’s employees that is likely to result in physical injury or death to such person(s) or bystanders.

a) This does not apply to such attempts or threats committed by you, or any of your: partners, directors, officers or trustees.

b) For coverage to apply, such attempts or threats must be credible and plausible.

3) An act committed with malicious intent on your “covered location” against any person(s) or entities that results in direct physical loss or damage to your premises or the property of others at the “covered location”.

This does not apply to such acts by an committed by you, or any of your:

partners, directors, officers or trustees.

4) Attempted or threatened actions with malicious intent to be committed on your “covered location” against any person(s) or entities that is likely to result in direct physical loss or damage to your premises or the property of others at the “covered location”.

a) This does not apply to such attempts or threats committed by you, or any of your: partners, directors, officers or trustees.

b) For coverage to apply, such attempts or threats must be credible, plausible and reported to law enforcement.

b. Premises Contamination.

1) Necessary closure of all or part of your “covered location” due to any sudden, accidental, and unintentional “contamination” or impairment of the “covered location” which results in clear, visible and identifiable, internal or external symptoms of bodily injury, illness, or death of any person(s).

2) This includes a “covered location” “contaminated” by “covered illness”, but does not include “contamination” of the “covered location”, in whole or part, by other “pollutants”, “fungi” or bacteria except as provided under “covered illness”.

3) Confirmation of both the existence of the “covered illness”, and “covered location” that the “covered illness” has “contaminated” must be confirmed by a qualified expert or experts and reliable laboratory testing.

c. Contaminated Food or Beverage.

1) Necessary closure of all or part of your “covered location” by order of the governing Board of Health because of discovery or suspicion that “contaminated” food or beverage has been served to patrons at your “covered location”; or

2) Necessary announcement either by you or any governmental body warning the public of a health hazard at your “covered location” because of either the discovery of, or verified

suspicion that, “contaminated” food or beverage has been served to your patrons.

d. Specified Felonies.

The following felonies, whether committed, attempted, or threatened on your “covered premises”:

- 1) **Child abduction or kidnapping.** The wrongful and illegal seizure (or threat thereof) of a child under age sixteen (16) from your “covered location” by someone other than the child’s parent or guardian, whether or not a parent or guardian possesses a legal right to hold a child, when a child’s parent (whether natural or adoptive) or guardian seizes the child, under this coverage, such seizure is not considered an abduction or kidnapping;
- 2) Stalking and abduction (or threat thereof) of one or more of your employees or customers by other than a family member;
- 3) Sexual assault (of threat thereof). Such assault must be confirmed by a qualified medical opinion; or
- 4) Criminal use of a firearm or device designed to cause harm or damage (or threat thereof);

e. Other Emergency Incidents Not Caused by a “Covered Emergency”.

When one of the following events occurs at your “covered property”:

- 1) Explosion;
- 2) Fire;
- 3) Construction accident;
- 4) Equipment failure; or
- 5) Workplace accident;

and results in significant injury or damage and adverse regional or national news media coverage of your business or “operations”.

3. “Covered Location” means:

- a) That part of a premises you occupy which is listed as insured by this policy, including the area within 1,000 feet of that property.
- b) If you have more than one “covered location”, the term “covered location” means only the location at which the “covered emergency” occurred.

c) If you occupy only part of the site at the “covered location”, this phrase is further defined as:

- 1) The portion of the building which you rent, lease or occupy; and
- 2) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

4. “Covered Illness” means bacterial microorganisms transmitted through human contact with food. “Covered Illness” also includes the hepatitis virus, legionnaire’s disease and noroviruses as defined by the United States Center for Disease Control. “Covered Illness” does not include any other types of communicable viruses or diseases.

5. “Emergency event business income” means:

- a) Net income (net profit or loss before income taxes) - including “rental value” - that would have been earned or incurred before the “covered emergency” at the “covered location”; and
- b) Continuing normal operating expenses incurred, including payroll, at the “covered location”.

6. “Emergency event extra expense” means necessary temporary expenses at the “covered location”, such as the cost of temporary additional security, you incur during the “emergency event period of restoration”.

7. “Emergency event period of restoration” means the period of time that:

- a) Begins:
 - 1) For **Business Income** - After the Waiting Period Deductible shown in the schedule of this endorsement following the date of the “covered emergency”; and
 - 2) For **Extra Expense** - On the date of the “covered emergency” at a “covered location”; and

b) Ends:

Business Income and Extra Expense -
On the shorter of:

- 1) The date when, using reasonable speed, the “operations” at your “covered location” should be resumed or the “covered location” can be re-

-occupied by a tenant; or

- 2) Sixty (60) consecutive days after the "covered emergency" occurred.
8. **"Fungi"** means any type or form of fungus, including but not limited to fungus, mildew, mold or resulting spores and byproducts, including mycotoxins, or allergens. However, "fungi" does not include "fungi" on food for human consumption.
 9. **"Pollutants"** means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
 10. **"Operations"** means:
 - a) Your business activities occurring at the "covered location"; and
 - b) The ability to rent your "covered location" for "rental value".
 11. **"Rental value"** means Business Income that consists of:
 - a) Net income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the "covered location" as furnished and equipped by you, including fair rental value of any portion of the scheduled premises which is occupied by you; and
 - b) Continuing normal operating expenses incurred in connection with that scheduled location, including:
 - 1) Payroll; and
 - 2) The amount of charges which are legal obligation of the tenant(s) but would otherwise be your obligations.
 12. **"Suspension"** means
 - a) The slowdown or cessation of your business activities; or
 - b) The part or all of the "covered location" that is rendered un-rentable due to the "covered emergency".

All other provisions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**DATA BREACH COVERAGE FORM**

Various provisions in this Coverage Form restrict coverage. Read the entire Coverage Form carefully to determine rights, duties and what is and is not covered.

Throughout this coverage form the words "we", "us" and "our" refer to the Company providing this insurance. Other words and phrases that appear in quotation marks have special meaning. Refer to **Section F – Definitions**.

The terms and conditions of the Cancellation Clause of the Common Policy Conditions IL 00 17 are hereby incorporated herein and shall apply to coverage as is afforded by this Data Breach Coverage Form, unless specifically stated otherwise in an endorsement(s) attached hereto.

SCHEDULE

Data Breach Coverage Annual Aggregate Limit of Insurance	\$100,000
Additional Expense Coverages Annual Aggregate Limit of Insurance	\$50,000
Data Breach Coverage Deductible	\$1000
Premium	\$259.00

SECTION A - COVERAGES

We will provide Data Breach Services, Data Breach Expense Coverages and Additional Expense Coverages as described below if you have a "data breach" that:

- a. Is discovered during the coverage period of this Data Breach Coverage Form; and
- b. Is reported to us within 30 days of your discovery of the "data breach".

1. Data Breach Covered Services and Covered Expenses**a. Data Breach Services****(1) Consulting Services**

Consulting Services to assist you regarding:

- (a) Notification requirements pursuant to state and federal laws and regulations;
- (b) Drafting your notification letters; and
- (c) Media interface and press release drafting.

(2) Help Line

A toll-free telephone line for "potentially-identified persons" with questions about the "data breach".

(3) Fraud Alert

A "potentially-identified person" who contacts our Designated Service Provider can place a Fraud Alert on his or her credit file(s) with the main credit bureaus warning potential credit grantors to check with the "potentially-identified person" before extending credit in his or her name or on his or her behalf.

(4) Identity Restoration Case Management

An "identified person" who contacts our Designated Service Provider can have the services of an identity restoration professional who will assist that "identified person" to correct his or her credit and other records and, within the constraints of what is possible and reasonable, to restore control over his or her personal identity.

These Data Breach Services will be provided by our Designated Service Provider as described in **Section E.2. Additional Conditions** for a period of 12 consecutive months from the inception of the Data Breach Services. These Data Breach Services are only available within the Coverage Territory

and will only be provided for data records created and housed in the United States with data on “potentially-identified persons” with a valid social security number.

b. Data Breach Expense Coverages

We will pay your reasonable and necessary expenses incurred for the following Covered Expenses up to the limits of insurance described in **Section C – Limits of Insurance**:

(1) Notification to Potentially-Identified Persons – expenses to provide notification of the “data breach” to “potentially-identified persons”:

- (a)** As required by a federal or state statute, regulation or directive or
- (b)** As reasonably necessary to your business.

Covered expenses include but are not limited to the printing, postage and handling of notification letters to “potentially-identified persons”.

(2) Forensic Analysis – expenses to assess:

- (a)** The severity of the “data breach”;
- (b)** The nature and extent of the “data breach”;

Forensic Analysis expenses do not include the cost of restoration.

(3) Proactive Monitoring Services Expense Coverage – Expenses for “proactive monitoring services” provided to “potentially-identified persons” through our Designated Service Provider.

(4) Services provided for Covered Expenses provided in b.(1), b.(2) and b.(3) above must be approved by us as described in Section E.2. Additional Conditions, Paragraph d., Service Providers.

Under **b.(3) Proactive Monitoring Services Expense Coverage**, we will only pay for expenses that you

incur through our Designated Service Provider.

c. Additional Expense Coverage

We will pay your reasonable and necessary expenses incurred for the following Additional Expense Coverages. These expenses are subject to the limits of insurance described in **Section C – Limits of Insurance**.

(1) Legal Services – Expenses incurred within the first six months following the discovery of a “data breach” for outside professional legal counsel review of the “data breach” and recommendations as to how you should best respond to it including final legal review of the proposed breach notification letter(s). However, we will not pay for expenses for legal counsel to review any third party liability litigation or notification of potential litigation.

(2) Public Relations – expenses incurred within the first six months following the discovery of a “data breach” for an outside public relations firm or a crisis management firm for restoring the confidence of your customers and investors in the security of your company and its systems.

(3) Third Party “Data Breach” – expenses for notification to “potentially-identified persons” with whom you have a direct relationship for a “data breach” when the “data breach” occurs at a third party where you have sent “private personal data” to be under that third party’s care, custody and control. This includes a “data breach” that occurs while transmitting or transporting the data to that third party. Covered expenses for this Additional Covered Expense are limited to the printing, postage and handling of notification letters to “potentially-identified persons”.

Service providers for Additional Expense Coverage provided in paragraphs **c.(1)**, **c.(2)** and **c.(3)**

must be approved by us as described in **Section E.2. Additional Conditions**, Paragraph **d., Service Providers**.

- (4) Data Breach Ransom Coverage** – monies extorted from and paid by you because of a threat or connected series of threats to commit an intentional attack on your computer systems that if so committed, would result in a “data breach”. This Data Breach Ransom Coverage is subject to the following conditions:
- (a)** you must receive approval from us prior to the payment of any monies;
 - (b)** any monies paid must only be to terminate or end the threat;
 - (c)** the threat must be one which, if carried out, would have led to a “data breach” that would have been covered under this Coverage Form had the monies not been paid;
 - (d)** the threat must have been made during the coverage period of this Data Breach Coverage Form;
 - (e)** the applicable Federal, state and/or local law enforcement authority was notified of the threat prior to any payment you make for which you are seeking reimbursement under this Additional Expense Coverage;
 - (f)** the threat must not have been committed by any of your employees or former employees, vendors or independent contractors hired by you;
 - (g)** you must make every reasonable effort not to divulge the existence of this Data Breach Ransom Coverage; and
 - (h)** you agree to keep confidential any amounts paid under this Data Breach Ransom Coverage except for any disclosure we

approve in advance of that disclosure.

- (5) Data Breach Reward Coverage** – monies you pay for information leading to the arrest and conviction of any individual(s) who committed an illegal act(s) related to a “data breach” covered under this Coverage Form. Under this Data Breach Reward Coverage, we will not pay for information that was provided by you, your internal or external auditors, any vendor or independent contractor hired by you, any individual or firm hired by you to investigate the illegal act described above or information from any individual(s) with supervisory or management responsibility of any of the individual(s) described above.

2. Coverage Extension

The following Coverage Extension applies to Data Breach Services, Data Breach Expense Coverages and Additional Expense Coverages as provided in Paragraphs **1.a.** through **1.c.** above:

a. Portable Electronic Devices Out of the Coverage Territory

The coverages applying under Data Breach Services, Data Breach Expense Coverages and Additional Expense Coverages are extended to apply to a “data breach” from a portable electronic device, such as a laptop or personal digital assistant (PDA), while taken out of the Coverage Territory on a temporary basis. This Coverage Extension is limited to “private personal data” that is within your care, custody or control within the Coverage Territory but temporarily stored on that portable electronic device.

The portable electronic device must be owned or leased by you or your employees.

This Coverage Extension is subject to Exclusions, Limits and Insurance and Conditions that apply to Data Breach Services, Data Breach Expense Coverages and Additional Expense Coverages.

SECTION B – EXCLUSIONS

1. We will not cover the following regardless of cause:

a. Costs to Research or Correct Deficiencies

Any costs to research any deficiency, except as specifically provided under the Data Breach Expense Coverage **1.b.(2) Forensic Analysis**, or any costs to correct any deficiency.

This includes, but is not limited to, any deficiency in your systems, procedures or physical security that may have contributed to a “data breach”.

b. Criminal Investigation or Proceedings

Any costs arising out of criminal investigations or proceedings.

c. Fines, Penalties or Assessments

Any “fines, penalties, fees or assessments”. This includes but is not limited to fees or surcharges from financial institutions.

d. Defense or Legal Liability

Any fees, costs, settlements, judgments, or liability of any kind arising in the course of, or as a result of a claim for damages, lawsuit, administrative proceedings, or governmental investigation against or involving you.

e. Other Economic Costs

Any other costs or expenses not expressly provided for under Data Breach Services, Data Breach Expense Coverages and Additional Expense Coverages provided in Paragraphs **1.a.** through **1.c.** Costs or expenses that we do not cover include but are not limited to expense to reissue credit or debit cards.

f. Consequential Loss

Any costs, or any other loss, caused by or resulting from delay, loss of use, loss of existing or prospective markets or any other consequential loss.

g. Contractually Assumed Liability

Legal obligations arising by reason of assumption of liability in a contract or agreement.

h. Victim Expenses or Losses

Costs or losses incurred by a victim of “data breach” or fraud activity except as provided for under Data Breach Services, Data Breach Expense Coverages and Additional Expenses Coverages provided in Paragraphs **1.a.** through **1.c.**

i. Alternative Travel Arrangements or Fees

Payment of alternative travel arrangements or additional fees.

j. Psychological Counseling

Psychological counseling for victims of a “data breach” or fraud activity.

k. Legal Advice or Services

Legal advice or other legal services, except as provided by the Legal Services Additional Expense Coverage, Paragraph **1.c.(1)**.

l. Information Recapture

Any costs or losses for the recapture of lost, stolen or destroyed information.

2. We will not cover Data Breach Services, Data Breach Expense Coverages or Additional Expense Coverages as provided in Paragraphs **1.a.** through **1.c.** arising out of, caused by, or resulting from, or in consequence of the following:

a. Harmful Code

Any loss of data that results from “harmful code”.

b. Dishonesty

Any criminal, fraudulent or dishonest act, error or omission, or any intentional or knowing violation of law by you, any of your partners, directors or trustees:

(1) Acting alone or in collusion with others; or

(2) Whether or not occurring during the hours of employment.

c. Governmental Action

Seizure or destruction of property by order of governmental authority. Such loss or damage is excluded regardless of any other cause or event that

contributes concurrently or in any sequence to the loss. This exclusion applies whether or not the loss event results in widespread damage or affects a substantial area.

d. Intentional or Reckless Disregard

Your intentional or reckless disregard for the security of “private personal data” in your care, custody or control.

e. Intentional or Willful Complicity

Your intentional or willful complicity in a “data breach”.

f. Prior Discovery

Any “data breach” discovered prior to the inception of this Data Breach Coverage Form.

g. Threats, Extortion or Blackmail

Any threat, extortion or blackmail including but not limited to, ransom payments and private security assistance except as provided in the Data Breach Ransom Coverage Additional Expense Coverage under Paragraph 1.(c)(4).

h. Indirectly Obtained Data

Any “data breach” of “private personal data” for which you do not have a direct relationship with the “potentially-identified person”, such as records that you aggregate, sell, store, process, transmit or transport for another entity.

i. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

j. War and Military Action

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power, or action taken by

d. Intentional or Reckless Disregard

governmental authority in hindering or defending against any of these.

SECTION C – LIMITS OF INSURANCE

1. The most we will pay for the total of all Data Breach Expense Coverages and Additional Expense Coverages combined is the Data Breach Coverage Limit of Insurance shown in the Schedule. The Data Breach Coverage Limit of Insurance is an annual aggregate limit and is the most we will pay for the total of such covered expenses arising out of all “data breach” events discovered by you during the current annual policy period regardless of the number of “data breach” events.

2. The most we will pay for each of the Additional Expense Coverages is the sublimit shown in the Schedule. This sublimit is part of, and not in addition to, the Data Breach Coverage Limit of Insurance. The Additional Expense Coverages sublimit is an annual aggregate limit and is the most we will pay for the total of such covered expenses arising out of all “data breach” events by you during the current annual policy period regardless of the number of “data breach” events.

3. Regardless of the number of years this Data Breach Coverage Form remains in force or the number of premiums paid, no limits of insurance cumulate from policy period to policy period.

4. Discovery Policy Period Limits Apply

A “data breach” may be first discovered by you in one policy period but cause covered expenses in one or more subsequent policy periods. If so, all covered expenses arising from such “data breach” will be subject to the Data Breach Coverage Limit of Insurance and the Additional Expense Coverage sublimits described respectively in Paragraphs 1. and 2. above that are applicable to the policy period when the “data breach” was first discovered by you.

5. Time Limits

a. You must report a “data breach” to us on or within 30 days of your discovery of the “data breach”.

b. You have up to one year from the date of reporting a “data breach” to initiate the services provided to you.

- c. A “potentially-identified person” has up to one year from the date he or she receives notification of a “data breach” to initiate the services provided to him or her.
- d. Once initiated the “potentially-identified person” services will continue to be provided to that person for one year.
- e. Data Breach Services under **Section A – Coverages**, Paragraph **1.a.** will be provided by our Designated Service Provider for a period of 12 consecutive months from the inception of the Data Breach Services.

SECTION D – DEDUCTIBLE

The Data Breach Expense Coverages and Additional Expense Coverages provided under this Coverage Form are subject to the Data Breach Coverage Deductible indicated in the Schedule applying to this coverage form.

SECTION E – CONDITIONS

This Coverage Form is subject to the Common Policy Conditions of the Building and Personal Property Coverage Form CP 00 10, Commercial Property Conditions CP 00 90, and the following Amended Conditions and Additional Conditions:

1. Amended Conditions

- a. **Loss Condition 3. Duties in the Event of Loss Or Damage** under **Section E. Loss Conditions** of the Building and Personal Property Coverage Form CP 00 10 is replaced by the following:

4. Duties in the Event of a Data Breach

You must see that the following are done in the event of a “data breach”:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the “data breach”. As stated in **Section A – Coverages**, paragraph **b.**, you must report the “data breach” to us within 30 days of the date you first discover it.
3. As soon as possible, give us, and/or our Designated Service Provider, a description of how, when and where the “data breach” occurred, including all

of the following information as it becomes known to you:

- (a) The method of “data breach”;
 - (b) the approximate data and time of the “data breach”;
 - (c) The approximate number of “potentially-identified persons” compromised as a result of the “data breach”;
 - (d) A detailed description of the type and nature of the information that was compromised;
 - (e) Whether or not the information was encrypted, and, if so, the level of encryption;
 - (f) Whether or not law enforcement has been notified;
 - (g) If available, the states in which the “potentially-identified persons” are domiciled;
 - (h) If available, who received the “private personal data” as a result of the “data breach”; and
 - (i) Any other access, information or documentation we reasonably require to investigate or adjust your claim.
4. Take all reasonable steps to protect “private personal data” remaining in your care, custody or control.
 5. Preserve all evidence of the “data breach”.
 6. Permit us to inspect the property and records proving the “data breach”.
 7. If requested, permit us to question you under oath at such times as may be reasonably required about any matter relating to this insurance or your

claim, including your books and records. In such event, your answers must be signed.

8. Send us a signed, sworn statement containing the information we request to investigate the claim. You must do this within 30 days after our request. We will supply you with the necessary forms.
9. Cooperate with us in the investigation or settlement of the claim.

- b. Property Loss Condition **D. Legal Action Against Us** of the Commercial Property Conditions CP 00 90 Form is replaced by the following:

D. Legal Action Against Us

No one may bring a legal action against us under this insurance unless:

1. There has been full compliance with all of the terms of this insurance; and
2. The action is brought within two years after the date of the "data breach" is first discovered by you.

- c. Property General Condition **H. Policy Period, Coverage Territory** under Commercial Property Conditions CP 00 90 is replaced by the following:

H. Policy Period, Coverage Territory

1. Policy Period

This policy applies only to "data breaches" that are first discovered by you during the policy period shown in the Declarations.

2. Coverage Territory

The "data breach" must involve "private personal data" that was within your care, custody or control within the United States of America or Puerto Rico.

2. Additional Conditions

The following conditions are added:

a. Due Diligence

You agree to use due diligence to prevent and mitigate loss covered under this Coverage Form. This includes, but is not limited to, complying with reasonable and industry-accepted protocols for providing and maintaining the following:

1. Physical security for your premises, computer systems and hard copy files;
2. Computer and Internet security;
3. Periodic backups of computer data;
4. Protection, including but not limited to, encryption of data, for transactions such as processing credit card, debit card and check payments; and
5. Disposal of files containing "personal private data", including but not limited to shredding hard copy files and destroying physical media used to store "electronic data".

b. No Legal Advice Provided

We are not your legal advisor and do not provide legal counsel to you. None of the services we provide under this Data Breach Coverage Form constitute legal advice to you by us. Our determination of what is or is not covered under this Data Breach Coverage Form does not represent legal advice or counsel from us about what you should or should not do.

c. Pre-Notification Consultation

You agree to consult with us prior to the issuance of notification to "potentially-identified persons". We assume no responsibility under this Data Breach Coverage Form for any services promised to "potentially-identified persons" without our prior agreement. You must provide the following at our pre-notification consultation with you:

1. The exact list of "potentially-identified persons" to be notified, including contact information.
2. Information about the "data breach" that may appropriately be communicated with "potentially-identified persons".

d. Service Providers

1. We will only provide Data Breach Services through our Designated Service Provider(s). Any such services that are provided by any other individual or entity will not be covered by this Coverage Form.
2. We will only pay Data Breach Expense Coverages and Additional Expense Coverages (except for Data Breach Ransom Coverage and Data Breach Reward Coverage) that are provided by service providers approved by us prior to the start of any of these services. If we suggest a service provider(s) but you prefer to use an alternative service provider(s), our coverage is subject to the following limitations:
 - (a) Such alternate service provider(s) must be approved by us; and
 - (b) Our payment for services provided by any alternative service provider(s) will not exceed the amount that we would have paid using the service provider we had suggested.
3. You will have a direct relationship with any service provider, including our Designated Service Provider, paid for in whole or in part under this Coverage Form. All service providers work for you.

e. Services

The following conditions apply as respects any services provided to you or to any “potentially-identified person” or “identified person” by our designees or any service firm paid for under this Data Breach Coverage Form:

1. The effectiveness of such services depends on your cooperation and assistance.
2. All services may not be available or applicable to all “potentially identified persons” or “identified persons”. For example, “potentially identified persons” who are minors or foreign nationals may not have

credit records that can be provided or monitored.

3. We do not warrant or guarantee that the services paid for in whole or in part by this Coverage Form will end or eliminate all problems associated with a covered “data breach”.

f. Cooperation

You agree to cooperate with and provide full disclosure of the circumstances surrounding a “data breach” to applicable federal or state regulators, law enforcement personnel, to us, and to our Designated Service Provider(s).

If you fail to cooperate, we will not be obliged under this contract for any services and expenses that cannot be provided due to your failure to cooperate.

- g. We are not liable for any act or omission by any Designated Service Provider who is not our employee nor the employee of a third party provider of the Data Breach Services described in this Data Breach Coverage Form. We cannot be held responsible for failure to provide, or for the delay in providing, services when such failure of delay is caused by conditions beyond our control.

h. Other Insurance

If there is other insurance covering the same “data breach” we will pay only for the amount for Data Breach Services, Data Breach Expense Coverages, and Additional Expense Coverages in excess of the amount due from that other insurance. But we will not pay more than the applicable Limit of Insurance shown in the Schedule.

SECTION F – DEFINITIONS

With respect to this Data Breach Coverage Form only, the following definitions are added:

1. Account Takeover

“Account takeover” means the takeover by a third party of one or more existing deposit accounts, credit card accounts, debit card accounts, ATM cards, or lines of credit in the name of an “identified person”.

2. Data Breach

“Data breach” means the loss, theft, accidental release or accidental publication of “private personal data” entrusted to you as respects one or more “potentially-identified persons” if such loss, theft, accidental release or accidental publication has or could reasonably result in the fraudulent use of such information.

This definition of “data breach” is subject to the following provisions:

- a. “Data breach” includes disposal or abandonment of “private personal data” without appropriate safeguards such as shredding or destruction, subject to the following provisions:
 - (1) Your failure to use appropriate safeguards must be accidental and not intentional, reckless or deliberate and not in violation of your Due Diligence obligations under Paragraph 2. **Additional Conditions**, Paragraph a.; and
 - (2) Such disposal or abandonment must take place during the time period for which this Data Breach Coverage Form is effective.
- b. “Data breach” includes situations where there is a reasonable cause to suspect that such “private personal data” has been lost, stolen, accidentally released or accidentally published, even if there is no firm proof.
- c. All incidents of “data breach” that are discovered at the same time or arise from the same cause or from a series of similar causes would be considered one “data breach”. All theft of “private personal data” caused by any person or in which that person is involved, whether the result of a single act or series of related acts, is considered a single incident of “data breach”.

3. Electronic Data

“Electronic data” means information, facts or computer programs stored as or on, created or used on, or transmitted to or from software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of

computer software which are used with electronically controlled equipment. The term computer programs means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

4. Fines, Penalties or Assessments

“Fines, penalties or assessments” means any fines, assessments, surcharges, attorneys’ fees, court costs or other penalties which you shall be required to pay as a result of a “data breach” or pursuant to any contract, law, regulation or order.

5. Harmful Code

“Harmful code” means any computer virus, program, routine, sub-routine, Trojan horse, worm, script or other code string that is or becomes named by any recognized anti-virus software program which destroys, alters or corrupts data or causes a “data breach”, regardless of how the “harmful code” was introduced or enacted on the computer system (including “electronic data”) or a network to which it is connected.

6. Identified Person

“Identified person” means a “potentially-identified person” who is or appears to be a victim of “identity theft” or “account takeover” that may reasonably have arisen from a covered “data breach”.

7. Identity Theft

“Identity theft” means the fraudulent use of “private personal data”. This includes the fraudulent use of such information to establish credit accounts, secure loans, enter into contracts or commit crimes.

“Identity theft” does not include the fraudulent use of a business name, d/b/a or any other method of identifying a business activity.

“Identity theft” does not include the use of a valid credit card, credit account or bank account. However, “identity theft” does include the fraudulent alteration of account profile information, such as the address to which statements are sent.

8. Potentially-Identified Person

“Potentially-identified person” means any person who is your current, former or prospective customer, employee, client, member, or patient and whose “private personal data” is lost, stolen, accidentally released or accidentally published by a “data breach” covered under this Coverage Form. This definition is subject to the following provisions:

- a. “Potentially-identified person” does not include any business or organization. Only an individual person may be a “potentially-identified person”.
- b. A “potentially-identified person” must have a direct relationship with you. The following are examples of individuals who do not meet this requirement:
 - (1) If you aggregate or sell information about individuals as part of your business, “potentially-identified persons” do not include the individuals about whom you keep such information.
 - (2) If you store, process, transmit or transport records, “potentially-identified persons” do not include the individuals whose “private personal data” you are storing, processing, transmitting or transporting for another entity.

The above examples are not meant to be all inclusive but are provided as a way to identify those not meeting the requirements of this definition.

- c. A “potentially-identified person” may reside anywhere in the world. However, the coverage and services provided under this Coverage Form are only applicable and available within the Coverage Territory as defined in **SECTION E-CONDITIONS**, Paragraph **2. Amended Conditions**, Paragraph c.

9. Private Personal Data

“Private personal data” means private identifying information that could be used to commit fraud or other illegal activity involving the credit or identity of a “potentially-identified person”. This includes, but is not limited to Social Security numbers, driver’s license numbers and account numbers correlated with names and addresses.

“Private personal data” does not mean or include information that is otherwise available to the public, such as names and addresses with no correlated Social Security numbers or account numbers.

10. Proactive Monitoring Services

“Proactive monitoring services” means the following services if you offer to provide them to “potentially-identified persons” who contact our Designated Service Provider:

- a. A credit report;
- b. credit monitoring; and or
- c. fraud/public records monitoring service or services.

COMMERCIAL PROPERTY

**2011 COMMERCIAL PROPERTY EDUCATIONAL INSTITUTIONS
MULTISTATE FORMS REVISIONS
ADVISORY NOTICE TO POLICYHOLDERS**

SUMMARY OF FORM REVISIONS

Your policy may contain one or more of the following endorsements or its state specific version. The forms applicable to your policy will be identified on the Declarations Page. This is a summary of the major changes to these forms. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy or endorsements. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

The areas within the policy that broaden, reduce or clarify coverage are highlighted below. This notice does not reference every editorial change made in the coverage form.

411-0551 02 11 Educational Institution – Basic Property Endorsement
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- The entire document has been re-structured and renumbered. Most changes are editorial in nature to clarify intent and to make language as compatible as possible with current ISO forms. Some new coverages have been added. Scheduled coverages will have added wording naming the coverage form and/or section amended.
 - ✓ New edition does not display Crime Coverage Forms and Causes of Loss Broad Form. New edition includes Business Income (and Extra Expense) Coverage Form as a coverage modified.
 - ✓ Clarification of how limits application varies by coverage. Some limits are in addition to, others are included
 - ✓ Editorial change explaining that coverages are subject to the conditions, limitations of the applicable coverage and cause of loss forms.
 - ✓ New edition replaced “larger of two limits that would be applicable” with “limit of insurance applying to the coverage you select”
 - ✓ Clarifies that application of coverage varies by coverage, either “occurrence” or to each premises.
 - ✓ Item A.1 Special Crime Provision of previous edition is removed as Crime Coverages are included in the Scheduled Coverage of new edition.
 - ✓ 2. Automated External Defibrillators - New coverage/ \$5,000 limit.
 - ✓ 3. Broadened Building Coverage- New coverage/ Included
 - ✓ 4. Broadened Business Personal Property- New coverage/ -included
 - ✓ 5. Building Limit- Inflation Guard- New Coverage/ Included
 - ✓ 6. Debris Removal - New coverage/ \$25,000 limit
 - ✓ 7. Denial of Access to Premises- New coverage/ Included

COMMERCIAL PROPERTY

- The Electronic Data Processing provision replaces the Computer Equipment section of the prior form. While coverage extends to many of the same categories, it is not possible to directly track language changes because of the magnitude of differences. The new coverage language is based on the ISO forms.
 - ✓ New edition provides \$25,000 limit.
 - ✓ 9. Employee Theft including ERISA Compliance- New coverage- \$25,000 limit
 - ✓ 10. Extended Coverage on Property- within 1000 feet/ Included.
 - ✓ 11. A.4 Extra Expense renumbered to A. 11. of new edition. / \$10,000 limit provided.
 - ✓ 12. B.h. Fine Arts coverage is renumbered to 12. on new edition./ \$10,000
 - ✓ 13. Fire Department Service Charge - new coverage/ \$25,000 limit provided.
 - ✓ 14. B.5 Fire Protection Equipment Recharge- renumbered to 14. of new edition. \$10,000 limit provided.
 - ✓ 15. Foundation and Underground Pipes-New coverage- \$250,000 limit provided
 - ✓ 16. Fundraiser Business Income - New coverage. \$25,000 limit provided.
 - ✓ 17. B.i. Glass Showcases renumbered to 17. of new edition.
 - ✓ 18. Inventory & Loss Appraisal - New coverage/ \$10,000 limit provided.
 - ✓ 19. Key Replacement and Lock Repair - New coverage/ \$1,000 limit provided.
 - ✓ 20. Money & Securities- new coverage. Limit provided is \$10,000 and % increase during scheduled registration, and athletic events, with specified number period time prior to and after each event.
 - ✓ 21.B.1 Newly Acquired or Constructed Property:
 - ✓ Limits provided for Building: \$500,000
 - ✓ Limits provided for Business Personal Property: \$250,000
 - ✓ 22. Ordinance or Law - New coverage. \$100,000
- The limit is \$100,000 each for Demolition Cost and Increased Cost of Construction as outlined in (5) loss payment. The combined limit available is \$100,000.
 - ✓ 23. B. 5. Outdoor Property renumbered to 23 on new edition. \$10,000 limit provided.
 - ✓ Clarification- no coverage for items held for sale.
 - ✓ Trees, plants, shrubs subject to \$1,000 limit- previous edition limit is \$500.
 - ✓ Personal Effects and Property of Others:
 - ✓ Subject to \$5,000 limit for any one person in any one occurrence.
 - ✓ Maximum \$10,000 limit provided regardless of the number of persons involved.
 - ✓ 25. B.4. Property Off Premises renumbered to 25. of new edition. \$25,000 limit provided
 - ✓ 26. A.2. Arson and Theft Reward renamed – Rewards- Arson, Theft, Vandalism in new edition. - \$10,000 limit provided.
 - ✓ 27. A.3. Back-Up of Sewers or Drains renamed and renumbered to 27. Sewer Backup – in new edition.
 - ✓ Coverage limit has increased from \$10,000 to \$50,000
 - ✓ A.6 Loss of Refrigeration has been renamed and renumbered to 29. Spoilage – on new edition. \$10,000 limit provided
 - ✓ Off Premises Services Interruption- Direct Damage has been renamed and renumbered to 30. Utility Services.-\$50,000 limit provided
 - ✓ Coverage has been broadened to Business Income \$50,000.
 - ✓ A.3. Valuable Papers and Records (Other Than Electronic Data) has been renumbered to 31 on new edition. \$10,000 limit provided
 - ✓ Limits of Insurance no longer contained in a separate section of the new form.
 - ✓ New Item IV. Valuation added. Various “valuation” sections within the prior endorsement are moved to this new section in the new endorsement to make the form compatible with ISO structure.

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411-0549 02 11 Educational Institution – Special Property Endorsement
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- The entire endorsement has been re-structured and re-numbered. Most changes are editorial in nature to clarify intent and to make language as compatible as possible with current ISO forms. Some new coverages have been added.
 - ✓ New edition does not display Crime Coverage Forms and Causes of Loss Broad form. New edition includes Business Income (and Extra Expense) Coverage Form as coverage modified.
 - ✓ Clarification of how the limits application varies by coverage. Some limits are “in addition to”, others are “included”.
 - ✓ Editorial change explaining that coverages are subject to the conditions, limitations of the applicable coverage and cause of loss forms.
 - ✓ New edition replaced “larger of two limits that would be applicable” with “limit of insurance applying to the coverage you select”.
 - ✓ Clarifies some coverages apply differently to some coverages; separately to each premises or on “occurrence” basis.
 - ✓ New form does include Business Income coverage.
- New Coverages in schedule:
 - ✓ Automated External Defibrillators: \$5000
 - ✓ Broadened Building Coverage (Included)
 - ✓ Broadened Business Personal Property (Included)
 - ✓ Building Limit – Inflation Guard (Included)
 - ✓ Denial of Access to Premise (Included)
 - ✓ E-Commerce \$5000
 - ✓ Employee Theft including ERISA Compliance \$100,000
 - ✓ Expediting Expense \$25,000
 - ✓ Fundraiser Business Income \$50,000
 - ✓ Inventory and Loss Appraisal \$25,000
 - ✓ Key Replacement and Lock Repair \$5000
 - ✓ Money and Securities \$25,000 - Coverage is broadened to increase the limit by 25% for scheduled registration and athletic events
 - ✓ Money and Counterfeit \$10,000
 - ✓ Ordinance of Law \$500,000
 - ✓ Personal Effects of Students \$100,000
 - ✓ Prototypes (Included)
 - ✓ Utility Services – Direct Damage \$100,000
 - ✓ Utility Services – Business Income \$100,000
 - ✓ Windblown Debris \$2500
 - ✓ Worldwide Property Off Premises \$50,000
- Revised Coverages in schedule:
 - ✓ Sewer Backup: Coverage increased from \$25,000 to \$100,000
 - ✓ Foundations & Underground Pipes \$250,000, previously “Included”
 - ✓ “Waiver of Coinsurance” replaced with “Agreed Amount Coverage”
 - ✓ “Loss of Refrigeration” is replaced by “Spoilage”

COMMERCIAL PROPERTY

- New blanket limit of \$250,000 for group of designated coverages.
- Clarification of blanket limit to the designated coverages:
 - ✓ Accounts receivable - replaces previous edition Extensions of Coverage **B.g.** \$100,000.
 - ✓ Electronic Data Processing Equipment - replaces previous edition Extensions of Coverage **B. k.** \$50,000 Desktops & other stationary computers
 - ✓ \$5,000 Laptops & other portable computer equipment
 - ✓ Fine Arts - replaces previous edition Extensions of Coverage **B. i.** \$25,000
 - ✓ Fire Department Service Charge - replaces previous edition Additional Coverages **A. 3** \$25,000
 - ✓ Fire Protection Equipment Surcharge - replaces previous edition Additional Coverages **A. 11** \$25,000
 - ✓ Personal effects and Property of Others - replaces previous edition Extensions of Coverage **B.4** Personal effects & property of others \$25,000
 - ✓ Research and Development Documents - New coverage
 - ✓ Valuable Papers and Records - replaces previous edition Extensions of Coverage **B.5** Valuable papers & records (other than Electronic data) \$100,000
- Other Changes:
 - ✓ 17. Lock Replacement renamed Key Replacement and Lock Repair on new edition.
 - ✓ A. 15 Ordinance or Law renumbered to A. 21 on new edition. This provision has been completely rewritten, so it is not possible to directly track individual language changes. The updates represent a broadening on limits and coverage (for example, the prior limit of insurance was 10% of the building value, up to a maximum of \$50,000; the new version has a limit of \$500,000. The new language comes from the currently-approved ISO coverage forms.
- Preservation of Property - New coverage/ \$25,000 limit
- B. 6. Property Off – Premises (Including While In Transit) is revised to A. 27 Property in Transit in new edition and A. 28 Property off Premises in new edition. B.6 (old edition) included limits of \$50,000 for Property off Premises (including Transit). New edition provides coverage under this extension for \$50,000 Property in Transit and \$100,000 for Property Off Premises.
- Editorial changes.
 - ✓ Separate section for limit applicable to this coverage.
- Additional coverage – vandalism
- A.8 Back-Up of Sewers or Drains renumbered and renamed to A.32 Sewer Backup. Coverage limit has increased from \$25,000 to \$100,000
- A.12 Loss of Refrigeration coverage renumbered to A.34 and renamed Spoilage Coverage.
- A. 14 Off Premises- Service Interruption- Direct Damage renumbered to A. 35 and renamed Utility Services.

POLICY NUMBER: Z7W 8801337 02

COMMERCIAL GENERAL LIABILITY
CG 04 35 12 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****EMPLOYEE BENEFITS LIABILITY COVERAGE****THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE.
PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Coverage	Limit Of Insurance	Each Employee Deductible	Premium
Employee Benefits Programs	\$1,000,000 each employee	\$1,000	\$INCLUDED
	\$3,000,000 aggregate		
Retroactive Date:	09/03/2002		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.			

A. The following is added to **Section I – Coverages:****COVERAGE – EMPLOYEE BENEFITS LIABILITY****1. Insuring Agreement**

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of any act, error or omission, of the insured, or of any other person for whose acts the insured is legally liable, to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages to which this insurance does not apply. We may, at our discretion, investigate any report of an act, error or omission and settle any "claim" or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Paragraph **D.** (Section **III** – Limits Of Insurance); and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

- b. This insurance applies to damages only if:
- (1) The act, error or omission, is negligently committed in the "administration" of your "employee benefit program";
 - (2) The act, error or omission, did not take place before the Retroactive Date, if any, shown in the Schedule nor after the end of the policy period; and
 - (3) A "claim" for damages, because of an act, error or omission, is first made against any insured, in accordance with Paragraph **c.** below, during the policy period or an Extended Reporting Period we provide under Paragraph **F.** of this endorsement.
- c. A "claim" seeking damages will be deemed to have been made at the earlier of the following times:
- (1) When notice of such "claim" is received and recorded by any insured or by us, whichever comes first; or

- (2) When we make settlement in accordance with Paragraph a. above.

All "claim" received and recorded by the insured within 60 days after the end of the policy period will be considered to have been received within the policy period, if no subsequent policy is available to cover the claim.

- d. All "claims" for damages made by an "employee" because of any act, error or omission, or a series of related acts, errors or omissions, including damages claimed by such "employee's" dependents and beneficiaries, will be deemed to have been made at the time the first of those "claims" is made against any insured.

2. Exclusions

This insurance does not apply to:

a. Dishonest, Fraudulent, Criminal Or Malicious Act

Damages arising out of any intentional, dishonest, fraudulent, criminal or malicious act, error or omission, committed by any insured, including the willful or reckless violation of any statute.

b. Bodily Injury, Property Damage, Or Personal And Advertising Injury

"Bodily injury", "property damage" or "personal and advertising injury".

c. Failure To Perform A Contract

Damages arising out of failure of performance of contract by any insurer.

d. Insufficiency Of Funds

Damages arising out of an insufficiency of funds to meet any obligations under any plan included in the "employee benefit program".

e. Inadequacy Of Performance Of Investment/Advice Given With Respect To Participation

Any "claim" based upon:

- (1) Failure of any investment to perform;
- (2) Errors in providing information on past performance of investment vehicles; or
- (3) Advice given to any person with respect to that person's decision to participate or not to participate in any plan included in the "employee benefit program".

f. Workers' Compensation And Similar Laws

Any "claim" arising out of your failure to comply with the mandatory provisions of any workers' compensation, unemployment compensation insurance, social security or disability benefits law or any similar law.

g. ERISA

Damages for which any insured is liable because of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended, or by any similar federal, state or local laws.

h. Available Benefits

Any "claim" for benefits to the extent that such benefits are available, with reasonable effort and cooperation of the insured, from the applicable funds accrued or other collectible insurance.

i. Taxes, Fines Or Penalties

Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.

j. Employment-Related Practices

Damages arising out of wrongful termination of employment, discrimination, or other employment-related practices.

B. For the purposes of the coverage provided by this endorsement:

1. All references to Supplementary Payments – Coverages **A** and **B** are replaced by Supplementary Payments – Coverages **A**, **B** and **Employee Benefits Liability**.
2. Paragraphs **1.b.** and **2.** of the Supplementary Payments provision do not apply.

C. For the purposes of the coverage provided by this endorsement, Paragraphs **2.** and **4.** of **Section II – Who Is An Insured** are replaced by the following:

2. Each of the following is also an insured:
 - a. Each of your "employees" who is or was authorized to administer your "employee benefit program".
 - b. Any persons, organizations or "employees" having proper temporary authorization to administer your "employee benefit program" if you die, but only until your legal representative is appointed.

- c. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Endorsement.
3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if no other similar insurance applies to that organization. However:
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier.
 - b. Coverage under this provision does not apply to any act, error or omission that was committed before you acquired or formed the organization.
- D. For the purposes of the coverage provided by this endorsement, **Section III - Limits Of Insurance** is replaced by the following:

1. Limits Of Insurance

- a. The Limits of Insurance shown in the Schedule and the rules below fix the most we will pay regardless of the number of:
 - (1) Insureds;
 - (2) "Claims" made or "suits" brought;
 - (3) Persons or organizations making "claims" or bringing "suits";
 - (4) Acts, errors or omissions; or
 - (5) Benefits included in your "employee benefit program".
- b. The Aggregate Limit is the most we will pay for all damages because of acts, errors or omissions negligently committed in the "administration" of your "employee benefit program".
- c. Subject to the Aggregate Limit, the Each Employee Limit is the most we will pay for all damages sustained by any one "employee", including damages sustained by such "employee's" dependents and beneficiaries, as a result of:
 - (1) An act, error or omission; or
 - (2) A series of related acts, errors or omissions negligently committed in the "administration" of your "employee benefit program".

However, the amount paid under this endorsement shall not exceed, and will be subject to, the limits and restrictions that apply to the payment of benefits in any plan included in the "employee benefit program".

The Limits of Insurance of this endorsement apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations of the policy to which this endorsement is attached, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits Of Insurance.

2. Deductible

- a. Our obligation to pay damages on behalf of the insured applies only to the amount of damages in excess of the deductible amount stated in the Schedule as applicable to Each Employee. The limits of insurance shall not be reduced by the amount of this deductible.
 - b. The deductible amount stated in the Schedule applies to all damages sustained by any one "employee", including such "employee's" dependents and beneficiaries, because of all acts, errors or omissions to which this insurance applies.
 - c. The terms of this insurance, including those with respect to:
 - (1) Our right and duty to defend any "suits" seeking those damages; and
 - (2) Your duties, and the duties of any other involved insured, in the event of an act, error or omission, or "claim"

apply irrespective of the application of the deductible amount.
 - d. We may pay any part or all of the deductible amount to effect settlement of any "claim" or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as we have paid.
- E. For the purposes of the coverage provided by this endorsement, Conditions 2. and 4. of **Section IV - Commercial General Liability Conditions** are replaced by the following:
- #### 2. Duties In The Event Of An Act, Error Or Omission, Or "Claim" Or "Suit"
- a. You must see to it that we are notified as soon as practicable of an act, error or omission which may result in a "claim". To the extent possible, notice should include:
 - (1) What the act, error or omission was and when it occurred; and

- (2) The names and addresses of anyone who may suffer damages as a result of the act, error or omission.

b. If a "claim" is made or "suit" is brought against any insured, you must:

- (1) Immediately record the specifics of the "claim" or "suit" and the date received; and
- (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the "claim" or "suit" as soon as practicable.

c. You and any other involved insured must:

- (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or "suit";
- (2) Authorize us to obtain records and other information;
- (3) Cooperate with us in the investigation or settlement of the "claim" or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of an act, error or omission to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense without our consent.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under this endorsement, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when Paragraph b. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph c. below.

b. Excess Insurance

- (1) This insurance is excess over any of the other insurance, whether primary, excess, contingent or on any other basis that is effective prior to the beginning of the policy period shown in the Schedule of this insurance and that applies to an act, error or omission on other than a claims-made basis, if:
 - (a) No Retroactive Date is shown in the Schedule of this insurance; or
 - (b) The other insurance has a policy period which continues after the Retroactive Date shown in the Schedule of this insurance.
- (2) When this insurance is excess, we will have no duty to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.
- (3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of the total amount that all such other insurance would pay for the loss in absence of this insurance; and the total of all deductible and self-insured amounts under all that other insurance.
- (4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Schedule of this endorsement.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limits of insurance to the total applicable limits of insurance of all insurers.

F. For the purposes of the coverage provided by this endorsement, the following Extended Reporting Period provisions are added, or, if this endorsement is attached to a claims-made Coverage Part, replaces any similar Section in that Coverage Part:

EXTENDED REPORTING PERIOD

1. You will have the right to purchase an Extended Reporting Period, as described below, if:
 - a. This endorsement is canceled or not renewed; or
 - b. We renew or replace this endorsement with insurance that:
 - (1) Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or
 - (2) Does not apply to an act, error or omission on a claims-made basis.
2. The Extended Reporting Period does not extend the policy period or change the scope of coverage provided. It applies only to "claims" for acts, errors or omissions that were first committed before the end of the policy period but not before the Retroactive Date, if any, shown in the Schedule. Once in effect, the Extended Reporting Period may not be canceled.
3. An Extended Reporting Period of five years is available, but only by an endorsement and for an extra charge.

You must give us a written request for the endorsement within 60 days after the end of the policy period. The Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due.

We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

- a. The "employee benefit programs" insured;
- b. Previous types and amounts of insurance;
- c. Limits of insurance available under this endorsement for future payment of damages; and
- d. Other related factors.

The additional premium will not exceed 100% of the annual premium for this endorsement.

The Extended Reporting Period endorsement applicable to this coverage shall set forth the terms, not inconsistent with this Section, applicable to the Extended Reporting Period, including a provision to the effect that the insurance afforded for "claims" first received during such period is excess over any other valid and collectible insurance available under policies in force after the Extended Reporting Period starts.

4. If the Extended Reporting Period is in effect, we will provide an extended reporting period aggregate limit of insurance described below, but only for claims first received and recorded during the Extended Reporting Period.

The extended reporting period aggregate limit of insurance will be equal to the dollar amount shown in the Schedule of this endorsement under Limits of Insurance.

Paragraph **D.1.b.** of this endorsement will be amended accordingly. The Each Employee Limit shown in the Schedule will then continue to apply as set forth in Paragraph **D.1.c.**

G. For the purposes of the coverage provided by this endorsement, the following definitions are added to the **Definitions** Section:

1. "Administration" means:
 - a. Providing information to "employees", including their dependents and beneficiaries, with respect to eligibility for or scope of "employee benefit programs";
 - b. Handling records in connection with the "employee benefit program"; or
 - c. Effecting, continuing or terminating any "employee's" participation in any benefit included in the "employee benefit program".

However, "administration" does not include handling payroll deductions.
2. "Cafeteria plans" means plans authorized by applicable law to allow employees to elect to pay for certain benefits with pre-tax dollars.
3. "Claim" means any demand, or "suit", made by an "employee" or an "employee's" dependents and beneficiaries, for damages as the result of an act, error or omission.

4. "Employee benefit program" means a program providing some or all of the following benefits to "employees", whether provided through a "cafeteria plan" or otherwise:
 - a. Group life insurance; group accident or health insurance; dental, vision and hearing plans; and flexible spending accounts; provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to those "employees" who satisfy the plan's eligibility requirements;
 - b. Profit sharing plans, employee savings plans, employee stock ownership plans, pension plans and stock subscription plans, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to all "employees" who are eligible under the plan for such benefits;
 - c. Unemployment insurance, social security benefits, workers' compensation and disability benefits;
 - d. Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family, and civil leave; tuition assistance plans; transportation and health club subsidies; and
 - e. Any other similar benefits designated in the Schedule or added thereto by endorsement.
- H. For the purposes of the coverage provided by this endorsement, Definitions 5. and 18. in the **Definitions** Section are replaced by the following:
 5. "Employee" means a person actively employed, formerly employed, on leave of absence or disabled, or retired. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
 18. "Suit" means a civil proceeding in which damages because of an act, error or omission to which this insurance applies are alleged. "Suit" includes:
 - a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OTHER COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

For the purpose of this endorsement only, the following is added to **SECTION IV – CONDITIONS:**

It is our stated intent that the various coverage parts, forms, endorsements or policies issued to the named insured by us, or any company affiliated with us, do not provide any duplication or overlap of coverage for the same claim, "occurrence", offense, accident or loss.

If this endorsement and any other coverage part, form,

endorsement or policy issued to the named insured by us, or any company affiliated with us, apply to the same claim, "occurrence", offense, accident or loss, the maximum Limit of Insurance under all such coverage parts, forms, endorsements or policies combined shall not exceed the highest applicable Limit of Insurance under any one coverage part, form, endorsement or policy.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL SUPPLEMENTARY PAYMENTS ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SUMMARY OF SUPPLEMENTARY PAYMENT EXTENSIONS

	Payment	Policy Period Limit
1.	Identity Theft Expense	\$5,000
2.	Terrorism Travel Expense	\$5,000
3.	Emergency Real Estate Consulting Fee	\$5,000
4.	Insured's Work Material Expenses	\$1,000
5.	Kidnapping Expenses	\$50,000

The following provisions are added to **SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS – COVERAGE A AND B**, Paragraph 1.:

h. At the Named Insured's request, we will reimburse:

(1) Identity Theft Expense

Any current Director or Officer, or member of the School Board, School Committee, Board of Trustees, Board of Governors' or similar governing body of the Named Insured, for "identity theft expenses" incurred as the direct result of any "identity theft" first discovered and reported during the policy period. Any act or series of acts committed by one or more persons, or in which such person or persons are aiding or abetting others against the Director or Officer, or member of the School Board, School Committee, Board of Trustees, Board of Governors' or similar governing body of the Named Insured, is considered to be one "identity theft", even if a series of acts continues into a subsequent policy period. The most we will pay under this provision is \$5,000 for all current Directors or Officers, or members of the School Board, School Committee, Board of Trustees, Board of Governors' or similar governing body of the Named Insured combined.

For the purposes of this **SUPPLEMENTARY PAYMENT** the following definitions apply:

(a) "Identity theft" means:

The act of knowingly transferring or using, without lawful authority, a means of identification of any Director or Officer, or member of the School Board, School Committee, Board of Trustees, Board of Governors' or similar governing body of

the Named Insured (or spouse thereof) with the intent to commit, or to aid or abet another to commit, any unlawful activity that constitutes a violation of federal law or a felony under any applicable state or local law.

(b) "Identity theft expenses" means:

- (i) Costs for notarizing affidavits or similar documents attesting to "identity theft" required by financial institutions or similar credit grantors or credit agencies;
- (ii) Costs for certified mail to law enforcement agencies, credit agencies, financial institutions or similar credit grantors related to the "identity theft";
- (iii) Loan application fees for re-applying for a loan or loans when the original application is rejected solely because the lender received incorrect credit information due to "identity theft"; or
- (iv) Charges incurred for long distance telephone calls to merchants, law enforcement agencies, financial institutions or similar credit grantors, or credit agencies to report or discuss an actual "identity theft".

(2) Terrorism Travel Expense

Any current Director or Officer, or member of the School Board, School Committee, Board of Trustees, Board of Governors' or similar governing body of the of the Named Insured for "emergency travel expenses" which are incurred due to a "Certified Act of Terrorism" which occurs during the policy period. The most we will pay under this provision is \$5,000

for all current Directors or Officers, or members of the School Board, School Committee, Board of Trustees, Board of Governors' or similar governing body of the Named Insured combined.

For the purposes of this **SUPPLEMENTARY PAYMENT** the following definitions apply:

(a) "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

- (i) The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
- (ii) The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

(b) "Emergency Travel Expenses" mean, the following expenses incurred while traveling in the course of the Named Insured's business:

- (i) Hotel expenses incurred which a scheduled transport, by train or air, by a commercial transportation carrier resulting directly from and within forty-eight hours of a "Certified act of terrorism"; and
- (ii) The increased amount incurred in fare which may result from re-scheduling comparable transport, to replace a similarly scheduled transport canceled by a commercial transportation carrier in direct response to a "Certified Act of Terrorism".

(3) Realtor or Real Estate Consulting Fee

The insured for any realtor's fee or real estate consultant's fee incurred because the insured must relocate due to damage to the insured's primary location during the policy period, which makes that location unusable for more than 72 consecutive hours. The most we will pay under this provision is \$5,000 for all

insureds combined.

(4) Insured's Work Material

The insured for 50% of the deductible paid under their personal or business property insurance policy for theft, during the policy period, of any "work material" that is stolen from a residence or automobile such insured owns or leases. The most we will pay under this provision is \$1,000 for all insureds combined.

For the purposes of this **SUPPLEMENTARY PAYMENT** the following definition applies:

"Work material" means equipment, including stores of data and client records that are used by the insured solely in the scope of the Named Insured's business.

(5) Kidnapping Expenses

The Named Insured for "kidnapping expenses" which are incurred in response to the kidnapping of a Director or Officer, or member of the School Board, School Committee, Board of Trustees, Board of Governors' or similar governing body of the Named Insured or their spouse or child, which takes place in the United States and during the policy period. We will not reimburse for any expenses incurred in any kidnapping by or at the direction of any present or former family member of the kidnapped victim. The most we will pay under this provision is \$50,000 for all insureds combined.

For the purposes of this **SUPPLEMENTARY PAYMENT** the following definition applies:

"Kidnapping expenses" means:

- (a) Fees and expenses of an independent negotiator or consultant who is retained with our consent;
- (b) Costs of travel and accommodations incurred by the Named Insured which become necessary due to the kidnapping;
- (c) The reward paid by the Named Insured, which is pre-approved by us, to an informant for information not otherwise available which leads to the arrest and conviction of persons responsible for any damages under this policy; and
- (d) The salary of a Director or Officer, or member of the School Board, School Committee, Board of Trustees, Board of Governors' or similar governing body of the Named Insured who is kidnapped, if that the Director, Officer or member is held for more than thirty (30) consecutive days. Salary shall be paid for a period starting

with the abduction and ending upon the earliest of:

- (i) The release of the Director, Officer or member;
- (ii) The death of the Director, Officer or member;
- (iii) 120 days after the receipt of the last credible evidence that the Director, Officer or member is still alive;
- (iv) Twelve (12) months after the date of kidnapping; or
- (v) The exhaustion of the "kidnapping expenses" limit, whichever comes first.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INNOCENT PARTY DEFENSE ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Aggregate Defense Expense Amount \$300,000

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

When 'not applicable' is entered in the Schedule, no Aggregate Defense Expense Amount applies, subject to Paragraph 2. below.

With respect to any insured for whom insurance is not provided because he or she is alleged to have participated in, knowingly allowed or directed any "sexual misconduct or sexual molestation incident" the following is added to **SECTION I – COVERAGES**:

1. We have the right but not the duty to defend the insured against any "suit" seeking damages for participating in, knowingly allowing or directing any "sexual misconduct or sexual molestation incident" We shall have no obligation, however, to pay any damages the insured becomes legally obligated to pay.
2. Subject to the Aggregate Defense Expense Amount shown in the Schedule above or the Declarations:
 - a. If we elect to exercise our right to defend an insured as set forth in Paragraph 1. we will pay "defense expenses" with respect to any "suit" for damages against the insured only until such time as the insured is adjudicated to be a wrongdoer or enters a plea of no contest; and
 - b. If we elect not to defend the insured against a "suit", we will reimburse the insured for "defense expenses" he or she incurred only if there is a "final adjudication" in the "suit" in favor of the insured in regard to the claim(s) that such insured committed, directed, participated in, or had knowledge of or consented to a "sexual misconduct or sexual molestation incident".

Any payment or reimbursement by us for "defense expenses" will end when the Aggregate Defense Expense Amount set forth in the Schedule above or the Declarations has been used up in the payment or reimbursement of "defense expenses".

When 'not applicable' is entered in the Schedule, any payment or reimbursement of "defense expenses" by us will end when we have used up the Sexual Misconduct or Sexual Molestation Aggregate Limit of Insurance in the payment of judgments or settlements.

3. The Aggregate Defense Expense Amount is the most we will pay or reimburse for the sum of all "defense expenses" arising out of Paragraph 2. above. If the policy period is for more than one year, the Aggregate Defense Expense Amount applies separately to each consecutive annual period, and to any remaining period of less than 12 months starting with the beginning of the policy period. But if the policy period is extended after issuance for less than 12 months, the additional period will be deemed part of the last preceding period for the purposes of determining the Aggregate Defense Expense Amount.
4. As used in this endorsement:
 - a. "Defense expenses" means those reasonable and necessary expenses that result from the defense of a specific claim or "suit," including:
 - (1) Attorney and paralegal fees and expenses;
 - (2) Costs of legal proceedings;
 - (3) Expenses incurred by the insured, but only at our direct request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$500 a day because of time off from work.

"Defense expenses" does not include:

 - (4) Salaries and expenses of our employees, including our employed attorneys, salaries and expense of the insured's employees

(other than those described in Paragraph a. (3) above);

- (5) Fees and expenses of independent adjusters we hire;
- (6) Any damages, including punitive damages, exemplary damages, multiplied damages, taxes, fines or penalties.; or
- (7) Any expenses incurred to prosecute any appeal on behalf of the insured in any court whatsoever.

b. "Final adjudication" means:

- (1) A trial involving a finding of facts, the presentation of witnesses and a final resolution on the merits in which all appeals are exhausted.; or
- (2) A withdrawal of the "suit" with prejudice.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS SHALL REMAIN THE SAME.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – LAW ENFORCEMENT PROFESSIONAL LIABILITY

This endorsement modifies insurance provided under the following:

SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART

The following is added to **SECTION I – COVERAGE**, Paragraph **B. Exclusions**:

Law Enforcement Professional Liability

This insurance does not apply to:

1. Any "claim" arising out of any actual or alleged breach of duty, negligent act, error, omission, misstatement, or misleading statement committed by an insured while acting within the scope of their law enforcement duties for the "educational

institution"; and

2. Any allegations of negligence or wrongdoing in the supervision, hiring, employment, training, or monitoring of a person whose conduct is included in Paragraph 1. above.

For the purposes of this endorsement, "Law enforcement activities" means activities, services, advice or instruction that is within the scope of the authorized duties of the "educational institution's" law enforcement or security guard personnel.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EDUCATIONAL INSTITUTION AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Summary of Amendments		
1.	Additional Insured by Contract, Agreement or Permit	Included
2.	Additional Insured - Broad Form Vendors	Included
3.	Additional Insured - Groups, Board Members, Trustees, Student Teachers	Included
4.	Who Is An Insured Extension - Co-employees and Volunteer Workers	Included
5.	Aggregate Limit Per Location	Included
6.	Bodily Injury Redefined	Included
7.	Broad Form Property Damage - Use of Elevators	Included
8.	Supplementary Payments - Increased Limits	
	Bail Bonds	\$2,500
	Loss of Earnings	\$500
9.	Medical Payments - Increased Limits and Time to Report	\$15,000 or See Declarations
10.	Unintentional Failure to Disclose Hazards	Included
11.	Unintentional Failure to Notify	Included
12.	Knowledge of Occurrence	Included
13.	Infirmity, Clinic or Hospital Exclusion	
14.	Newly Acquired or Formed Organizations	Included
15.	Personal Injury - Contractual Liability	Included
16.	Personal Injury - Televised or Videotaped Publication	Included
17.	Broadcasting and Publication - Personal and Advertising Injury	Included
18.	Aircraft, Auto or Watercraft Amendments	Included
19.	Mobile Equipment Redefined	Included

1. ADDITIONAL INSURED BY CONTRACT, AGREEMENT OR PERMIT

The following is added to **SECTION II – WHO IS AN INSURED**, Paragraph 2.:

a. Each of the following is also an insured:

Any person or organization with whom you have agreed in a written contract, agreement or permit that such person or organization be added as an additional insured on your policy. Such person or organization is an insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

- (1) "Your work" for the additional insured(s) at the location designated in the contract, agreement or permit; or
- (2) Premises you own, rent, lease, control or

occupy.

This insurance applies on a primary basis if that is required by the written contract, agreement or permit.

b. This provision does not apply:

- (1) Unless the written contract or agreement has been executed or the permit has been issued prior to the "bodily injury", "property damage", "personal and advertising injury";
- (2) To any person or organization included as an insured by an endorsement issued by us and made part of this Coverage Part;
- (3) To any person or organization included as an insured under Paragraph 2. **Additional Insured – Broad Form Vendors** of this endorsement or by other endorsement

issued by us and made part of this Coverage Part;

- (4) To any lessor of equipment:
 - (a) After the equipment lease expires; or
 - (b) If the "bodily injury", "property damage", "personal and advertising injury" arises out of sole negligence of the lessor;
- (5) To any:
 - (a) Owners or other interests from whom land has been leased for any "occurrence" or offense which takes place after the lease for the land expires; or
 - (b) Managers or lessors of premises if:
 - (i) The "occurrence" or offense takes place after you cease to be a tenant in that premises; or
 - (ii) The "bodily injury", "property damage", "personal and advertising injury" arises out of structural alterations, new construction or demolition operations performed by or on behalf of the manager or lessor;
- (6) To "bodily injury", "property damage" or "personal and advertising injury" arising out of the rendering of or the failure to render any professional services.
- c. Coverage will not be provided by this provision if an insured is otherwise excluded in this policy.
- d. Coverage provided by this provision will not be broader than coverage provided to any other insured.
- e. All other insuring agreements, exclusions, and conditions of this policy apply.

2. ADDITIONAL INSURED – BROAD FORM VENDORS

The following is added to **SECTION II – WHO IS AN INSURED**, Paragraph 2.:

Each of the following is also an insured:

- a. Any vendor with whom you have agreed in a written contract or agreement to provide insurance, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:
- b. The insurance afforded the vendor does not apply to:
 - (1) "Bodily injury" or "property damage" for which the vendor is obligated to pay

damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;

- (2) Any express warranty unauthorized by you;
- (3) Any physical or chemical change in the product made intentionally by the vendor;
- (4) Repackaging, unless unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instruction from the manufacturer, and then repackaged in the original container;
- (5) Any failure to make such inspection, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business in connection with the sale of the product;
- (6) Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product; or
- (7) Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any thing or substance by or for the vendor.
- c. This insurance does not apply to any insured person or organization from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.
- d. This provision does not apply to any vendor included as an insured by an endorsement issued by us and made a part of this Coverage Part.
- e. This provision does not apply if "bodily injury" or "property damage" included within the "products-completed operations hazard" is excluded either by the provisions of the Coverage Part or by endorsement.

3. ADDITIONAL INSURED – ORGANIZATION, BOARD MEMBERS, TRUSTEES, STUDENT TEACHERS

- A. The following is added as an insured to **SECTION II – WHO IS AN INSURED**:
 - 1. Each of the following is also an insured but only with respect to their duties in connection with the positions described below:
 - a. Any of your trustees or members of your Board of Governors if you are a

private charitable or educational institution;

- b. Any of your board members or commissioners if you are a public board or commission; or
- c. Any student teacher teaching as part of their educational requirements;

2. Parent, Alumni and Student Groups and their members are also insureds, but only if the Group is sanctioned, approved, organized and/or supervised by the Named Insured, and only with respect to activities that are necessary to the sanctioned or approved purpose of the Group. This does not include students who are members of a safety patrol which you have organized or operate.

B. For the purpose of coverage under this section the following is added to SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, Paragraph 4. Other Insurance, item b. Excess Insurance:

The insurance provided by this coverage endorsement is excess over any other valid and collectible insurance (including deductible or self insured retention) or agreement of indemnity available to the insured, whether primary, excess, contingent, or on any other basis. When this insurance is excess, we have the right but not the duty to defend any claim or "suit".

Other valid and collectible insurance includes, but is not limited to, policies or insurance programs purchased or established by or on behalf of an insured to insure against liability arising from activities of an insured and its "employees", whether primary, excess, contingent, or on any other basis. The person seeking coverage shall cooperate with us to determine the existence, availability and coverage of any such other insurance policy, insurance program or defense or indemnification arrangement.

Other valid and collectible insurance does not include any umbrella policy issued by us or any coverage specifically issued by us as excess over this policy. Nothing in this provision shall be construed to require any such umbrella or excess coverage issued by us to apply unless and until all other valid and collectible insurance is exhausted.

C. SECTION V – DEFINITIONS, Paragraph 19. is replaced by the following:

"Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or

short-term workload conditions. "Temporary worker" does not include a substitute teacher.

4. WHO IS AN INSURED EXTENSION – CO-EMPLOYEES AND VOLUNTEER WORKERS.

A. SECTION II – WHO IS AN INSURED, Paragraph 2.a. is replaced by the following:

2. Each of the following is also an insured:

- a. Your "volunteer workers" only while performing duties related to the conduct of your business, your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business.

However, none of these "employees" or "volunteer workers" are insureds for:

(1) "Bodily injury" or "personal and advertising injury":

- (a) To you, to your partners or members (if you are a partnership or joint venture), or to your members (if you are a limited liability company);
- (b) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in paragraph (1)(a) above;
- (c) Arising out of his or her providing or failing to provide professional health care services; or
- (d) Arising out of "employment related practices"

(2) "Property damage" to property:

- (a) Owned, occupied or used by,
- (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture),

or any member (if you are a limited liability company).

For the purpose of this endorsement, "employment-related practices" includes but is not limited to refusal to employ a person, termination of a person's employment, or practices, policies, acts or omissions related to employment, such as coercion, demotion, evaluation, re-assignment, discipline, defamation, harassment, humiliation, or discrimination directed at a person.

5. AGGREGATE LIMIT PER LOCATION

A. The following is added to **SECTION III – LIMITS OF INSURANCE:**

The General Aggregate Limit applies separately to each "location" owned by or rented to you.

B. The following is added to **SECTION V – DEFINITIONS**

"Location" means premises involving the same or connecting lots, or premises whose connection is interrupted only by a street, roadway, waterway or right-of-way of a railroad.

6. BODILY INJURY REDEFINED

SECTION V – DEFINITIONS, Paragraph 3. "bodily injury" is replaced by the following:

"Bodily injury" means bodily injury, disability, sickness or disease sustained by a person, including death resulting from any of these at any time. "Bodily injury" includes mental anguish or other mental injury resulting from "bodily injury"

7. BROAD FORM PROPERTY DAMAGE – USE OF ELEVATORS

The following is added to **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Paragraph 2. **Exclusions, j. Damage to Property:**

Exclusion j. (3), (4) and (6) do not apply if such "property damage" results from the use of elevators at premises you own, rent, lease or occupy.

The insurance provided by this coverage endorsement is excess over any other valid and collectible insurance (including deductible or self insured retention) or agreement of indemnity available to the insured, whether primary, excess, contingent, or on any other basis. When this insurance is excess, we have the right but no duty to defend any claim or "suit".

Other valid and collectible insurance includes, but is not limited to, policies or insurance programs purchased or established by or on behalf of an insured to insure against liability arising from activities of an insured and its "employees", whether primary, excess, contingent, or on any other basis. The person seeking coverage shall cooperate with us to determine the existence, availability and coverage of any such other insurance policy, insurance program or defense or indemnification arrangement.

Other valid and collectible insurance does not include any umbrella policy issued by us or any coverage specifically issued by us as excess over this policy. Nothing in this provision shall be construed to require any such umbrella or excess coverage issued by us to apply unless and until all other valid and collectible insurance is exhausted.

8. SUPPLEMENTARY PAYMENTS – INCREASED LIMITS

SUPPLEMENTARY PAYMENTS COVERAGES A and B, Paragraphs 1.b. and 1.d. are replaced by the following:

b. Up to \$2500 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.

d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit," including actual loss of earnings up to \$500 a day because of time off from work.

9. MEDICAL PAYMENTS – INCREASED LIMITS AND TIME TO REPORT

A. SECTION I – COVERAGES, COVERAGE C MEDICAL PAYMENTS, Paragraph 1.a.(3)(b) is replaced by the following:

(b) The expenses are incurred and reported to us within three years of the date of the accident; and

B. The following exclusion is added to SECTION I – COVERAGES, COVERAGE C MEDICAL PAYMENTS, 2. Exclusions:

Students

We will not pay expenses for "bodily injury" to your student.

C. SECTION III – LIMITS OF INSURANCE, Paragraph 7. is replaced by the following:

7. Subject to Paragraph 5. above, the Medical Expense Limit is the higher of:

a. \$15,000; or

b. The amount shown in the Declarations for Medical Expense Limit.

This is the most we will pay under **COVERAGE C** for all medical expenses because of "bodily injury" sustained by one person or arising in any way out of such "bodily injury".

This coverage does not apply if **COVERAGE C – MEDICAL PAYMENTS** is excluded either by the provisions of the Coverage Part or by endorsement.

10. UNINTENTIONAL FAILURE TO DISCLOSE HAZARDS

The following is added to **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, 6. Representations:**

We will not disclaim coverage under this Coverage Part if you fail to disclose all hazards existing as of the inception date of the policy provided such failure is not intentional.

11. UNINTENTIONAL FAILURE TO NOTIFY

The following is added to **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, 2. Duties in the event of "Occurrence", Offense, Claim or "Suit":**

Your rights afforded under this policy shall not be prejudiced if you fail to give us notice of an "occurrence," offense, claim or "suit," solely due to your reasonable and documented belief that the "bodily injury," "property damage" or "personal and advertising injury" is not covered under this policy.

12. KNOWLEDGE OF OCCURRENCE

The following is added to **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, 2. Duties in the Event of "Occurrence", Offense, Claim or "Suit":**

Notice of an "occurrence", offense, claim or "suit" will be considered knowledge of the insured if reported to an individual named insured, partner, "executive officer" or an "employee" designated by you to give us such a notice.

13. INFIRMARY, CLINIC OR HOSPITAL EXCLUSION

The following is added to **SECTION I – COVERAGES, COVERAGE A – BODILY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** and **SECTION I – COVERAGES, COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY, 2. Exclusions:**

Infirmary, Clinic or Hospital

If an insured owns or operates an infirmary with facilities for lodging and treatment, or a clinic or hospital, this insurance does not apply to "bodily injury," "property damage," or "personal and advertising injury" caused by:

- a. The rendering of or failure to render:

- (1) Medical, surgical, dental, x-ray or nursing service, treatment, advice or instruction, or the related furnishing of food or beverages;

- (2) Any health or therapeutic service, treatment, advice or instruction; or

- (3) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming.

- b. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances; or

- c. The handling or treatment of dead bodies, including autopsies, organ donation or other procedures.

14. NEWLY ACQUIRED OR FORMED ORGANIZATIONS

SECTION II – WHO IS AN INSURED, Paragraph 3.a. is replaced by the following:

- 3.a. Coverage under this provision is afforded only until the end of the policy period.

15. PERSONAL INJURY – CONTRACTUAL LIABILITY

SECTION I – COVERAGES, COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY, 2. Exclusions, e. Contractual Liability is replaced by the following:

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) Assumed in a contract or agreement that is an "insured contract", provided the offense causing the "personal and advertising injury" was committed subsequent to the execution of the contract or agreement; or

- (2) That the insured would have in the absence of the contract or agreement.

16. BROADCASTING AND PUBLICATION – PERSONAL AND ADVERTISING INJURY

A. The following is added to **SECTION I – COVERAGES, COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY, 2. Exclusions, j. Insureds In Media And Internet Type Businesses:**

Exclusion j.(1) does not apply to "personal and advertising injury" within the scope of your activities as an educational institution.

B. The following exclusions are added to **SECTION I – COVERAGES, COVERAGE B**

PERSONAL AND ADVERTISING INJURY LIABILITY, 2. Exclusions:

This insurance does not apply to:

- a. "Personal Injury or Advertising Injury" arising out of the actual or alleged unauthorized collection, use or dissemination of internet user information through web cookies or other online profiting purposes by or on behalf of the insured or for the unlawful access to or invasion of any computer software, operating system or network electronic mail or voice mail system by or on behalf of the insured.
- b. "Personal Injury or Advertising Injury" arising out of any claim or "suit" made by ASCAP, SESAC, BMI, RIAA or any other music licensing entity on their behalf or for others alleging the insured's failure to procure or maintain requisite licenses or payment of royalties.
- c. "Personal Injury or Advertising Injury" arising out of an investigation or proceeding initiated by an administrative or regulatory agency, including, but not limited to, the Federal Trade Commission or the Federal Communications Commission.

C. The following is added to SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS:

Retraction or Correction of Erroneous Matter

Retraction or correction shall be promptly made of any matter which has been published or broadcast through error or mistake, or which is untrue.

D. SECTION V – DEFINITIONS, Paragraph 1. is replaced by the following:

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purpose of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication, but only with respect to your goods, products or services for the purpose of attracting customers or supporters; and
 - b. Regarding web-sites, only that part of a web-site that is about your goods,

products or services for the purposes of attracting customers or supporters is considered an "advertisement".

17. PERSONAL INJURY – TELEVISED OR VIDEOTAPED PUBLICATION

SECTION V – DEFINITIONS, 14. "Personal and advertising injury", items **d.** and **e.** are replaced by the following:

- d. Oral or written publication, in any manner, or televised or videotaped publication, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e. Oral or written publication, in any manner, or televised or videotaped publication, of material that violates a person's right of privacy;

18. AIRCRAFT, AUTO OR WATERCRAFT AMENDMENTS

SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, g. Aircraft, Auto or Watercraft is replaced by the following:

This insurance does not apply to:

- g. "Bodily injury" or "property damage" arising out of the ownership, maintenance, operation, use, "loading or unloading" or entrustment to others of any aircraft, "auto" or watercraft that is owned, operated or "hired" by, or rented or loaned to any insured.

As used in this exclusion, "hired" includes any contract to furnish transportation of your students to and from schools.

This exclusion applies even if the claim against an insured alleges negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned, operated or "hired" by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 51 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the

"auto" is not owned by or rented, "hired" or loaned to you or the insured;

- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft;
- (5) "Bodily injury" or "property damage" arising out of:
 - (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged; or
 - (b) The operation of any of the machinery or equipment listed in Paragraphs **f.(2)** or **f.(3)** of the definition of "mobile equipment";
- (6) "Bodily injury" or "property damage" arising out of any non-motorized recreational watercraft used for sailing, rowing or sculling that is owned, used by, or rented to an insured;
- (7) An aircraft that you do not own that is hired, chartered or loaned with a paid crew and not owned by any insured.

With respect to the insurance provided under item **(2)**, this provision applies to any person who, with your consent, either uses or is responsible for the use of a watercraft.

With respect to the insurance provided under item **(6)**, **SECTION II – WHO IS AN INSURED** is amended to include as an insured any person or organization legally responsible for the use of any such recreational watercraft used for sailing, rowing or sculling that you own, provided the actual use is with your permission.

The insurance provided under item **(7)** is excess over any other valid and collectible insurance (including deductible or self insured retention) or agreement of indemnity available to the insured, whether primary, excess, contingent, or on any other basis. When this insurance is excess, we have the right but no duty to defend any claim or "suit".

Other valid and collectible insurance includes, but is not limited to, policies or insurance programs purchased or established by or on behalf of an insured to insure against liability arising from activities of an insured and its "employees", whether primary, excess, contingent, or on any other basis. The person seeking coverage shall cooperate with us to

determine the existence, availability and coverage of any such other insurance policy, insurance program or defense or indemnification arrangement.

Other valid and collectible insurance does not include any umbrella policy issued by us or any coverage specifically issued by us as excess over this policy. Nothing in this provision shall be construed to require any such umbrella or excess coverage issued by us to apply unless and until all other valid and collectible insurance is exhausted

19. MOBILE EQUIPMENT REDEFINED

SECTION V – DEFINITIONS, Paragraph **12**. "Mobile equipment", item **f.(1)(a)(b)(c)** does not apply to self-propelled vehicles of less than 1,000 pounds gross vehicle weight.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY WITH THIRD PARTY COVERAGE ENDORSEMENT (Defense Outside Limits)

This endorsement modifies insurance provided under the following:

SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART

SCHEDULE

LIMITS OF INSURANCE	
Employment Practices "Wrongful Employment Act" Limit:	\$1,000,000
Employment Practices Aggregate Limit:	\$1,000,000
DEDUCTIBLE AMOUNT: \$10,000 per "Wrongful Employment Act"	
RETROACTIVE DATE: 09/03/2002	

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

- A.** For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY WITH THIRD PARTY COVERAGE ENDORSEMENT**, the following coverage is added to the **SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART**:
- EMPLOYMENT PRACTICES LIABILITY COVERAGE**
- A. Insuring Agreement**
1. We will pay, on behalf of the insured, those sums which the insured becomes legally obligated to pay as "loss" because of a "claim" alleging your "wrongful employment act" against your "employees", "third parties" and applicants for employment to which this insurance applies.
 2. This insurance applies to a "wrongful employment act" which occurs anywhere in the "coverage territory" but only if:
 - a. The "claim" is made within the United States of America (its territories or possessions), Puerto Rico or Canada;
 - b. The "wrongful employment act" did not occur before the Retroactive Date, if any, shown in the Schedule above or after the end of the "policy period". The Retroactive Date is the specific date shown in the Schedule above or, if no date is entered, the policy inception date shown in the Declarations;
 3. The insured did not give notice to any prior insurer of such "wrongful employment act"; and
 - d. A "claim" for "loss" because of the "wrongful employment act" is first made against any insured, in accordance with Paragraph 3. below, during the "policy period" or any Extended Reporting Period we provide under **SECTION V – EXTENDED REPORTING PERIODS**.
- Two or more "claims" arising out of a single "wrongful employment act" or a series of "wrongful employment acts" related in any way to each other shall be considered one "claim". Any such "claims" whenever made shall be considered to have been made at the time the first of those "claims" was made.
4. We will have the right and duty to defend the insured against any "claim" alleging injury arising out of a "wrongful employment act" to which this insurance applies.

5. We may at our sole discretion investigate any allegation of “wrongful employment act” and settle any “claim” that may arise.
6. The amount we will pay for “loss” will be in excess of the applicable deductible, if any, and as otherwise limited in **SECTION III – LIMITS OF INSURANCE AND DEDUCTIBLE**.
7. We will pay “defense expenses”, with respect to any “claim” we defend arising out of any “wrongful employment act”. These payments will not reduce the applicable Limits of Insurance.
8. We will have no duty to defend any insured against any “claim” to which this coverage endorsement does not apply.
9. Each payment we make for “loss” reduces the Limits of Insurance. When either the Employment Practices Aggregate Limit or the Employment Practices “Wrongful Employment Act” Limit has been exhausted by payment of judgments or settlements, our duty to defend, continue to defend or to pay “defense expenses” under this coverage endorsement shall cease.
10. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under this coverage endorsement.

B. For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY WITH THIRD PARTY COVERAGE ENDORSEMENT** only, the following exclusions are deleted from **SECTION I – COVERAGE**, Paragraph **B. Exclusions**:

5. **Employee Retirement Income Security Act;**
7. **Employment Benefit Plan;**
8. **Workers Compensation;**
9. **Employers Liability;**
10. **Contractual;**
15. **Abuse and Molestation;** and
21. **Employment Related Practices.**

C. For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY WITH THIRD PARTY COVERAGE ENDORSEMENT** only, the following is added to **SECTION I – COVERAGE**, Paragraph **B. Exclusions** Subparagraph **3. Bodily Injury, Personal and Advertising Injury, or Property Damage**:

For the purpose of this exclusion only, “bodily injury” does not include mental anguish or emotional injury arising out of “wrongful

employment acts”.

D. For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY WITH THIRD PARTY COVERAGE ENDORSEMENT** only, the following exclusions are added to **SECTION I – COVERAGE**, Paragraph **B. Exclusions**:

This insurance does not apply to:

1. Statutory Obligations

a. ERISA, COBRA, WARN, OSHA and NLRA

Any liability arising out of the insured’s failure to fulfill any responsibility, duty or obligation imposed by the Employment Retirement Income Security Act of 1974 (ERISA), Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), Workers’ Adjustment and Retraining Notification Act, Public Law 100-379 (1988) (WARN), Occupational Safety and Health Act (OSHA), National Labor Relations Act of 1947 (NLRA), any rules or regulations of the foregoing promulgated thereunder, and amendments thereto or any similar provisions of any federal, state, or local statutory or common law.

b. FLSA

- 1) Any liability arising out of any obligation under the Fair Labor Standards Act, or any violations of any federal, state, local or foreign statutory law or common law that governs the same topic or subject and any rules, regulations and amendments thereto (except the Equal Pay Act); and
- 2) Any liability arising out of “claims” for unpaid wages or overtime pay for hours actually worked or labor actually performed by any “employee” of the insured, for improper payroll deductions or any violations of any federal, state, local or foreign statutory law or common law that governs the same topic or subject and any rules, regulations and amendments thereto.

This exclusion, however, shall not apply to any “claim” or “suit” alleging retaliatory action by an insured.

2. Consequential Loss

Any “claim” made by a spouse, child, parent, brother, sister, “domestic partner” or any other relative of a current, former, or prospective “employee” or “third party” as a consequence of a “wrongful employment act”.

3. Contractual Liability

Obligations or payments owed under:

- a. An express written or oral contract of employment. However, this exclusion does not apply to any actual or alleged breach of an implied contract or agreement relating to employment, whether arising out of any personnel manual, policy statement or oral representation;
- b. An agreement to make payments in the event of the termination of employment; or
- c. An agreement to assume another's liability. However, this exclusion does not apply to the liability of an insured which would have attached even in the absence of such contract or agreement.

4. **Collective Bargaining Process**

Any "claim" arising out of the collective bargaining process.

5. **Insurance Plan Benefits**

That part of any "loss" which constitutes payment of insurance plan benefits that a claimant would have been entitled to as an "employee", other than a retired "employee", had the insured provided the claimant with a continuation of insurance or a commencement of employment.

6. **Front Pay and Future Damages**

This exclusion applies only if the insured is either ordered or has the option pursuant to a judgment or other disposition to reinstate the "employee" but fails to do so.

7. **Non-Monetary Relief**

That part of any "claim" seeking any non-monetary relief, including but not limited to:

- a. Injunctive relief;
- b. Declaratory relief;
- c. Disgorgement;
- d. Job reinstatement;
- e. Costs or expenses incurred in accommodating any disabled person, pursuant to the Americans with Disabilities Act of 1990 (ADA), including amendments to that law or similar federal, state or local statutory or common law;
- f. Any liability or costs incurred in connection with any educational, sensitivity or other corporate program, policy or seminar relating to a "claim" alleging discrimination or other "wrongful employment act"; or
- g. Other equitable remedies, including as to all of the above, the cost of compliance therewith; provided, however, if such

request for non-monetary relief is part of an otherwise covered "claim", we will not seek to allocate "defense costs" for the portion of the "claim" seeking non-monetary relief.

8. **Outside Boards**

Any liability arising out of any actual or alleged act or omission of an insured serving in any capacity, other than as your director, officer or "employee".

9. **Worker's Compensation, Social Security and Unemployment, Disability and Retirement Benefits**

Any liability arising out of any obligation pursuant to any worker's compensation, disability benefits, unemployment compensation, unemployment insurance, retirement benefits, social security benefits or similar law. This exclusion, however, shall not apply to any allegation of retaliatory treatment against any "employee" who is attempting to exercise his or her rights under the above laws.

E. For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY WITH THIRD PARTY COVERAGE ENDORSEMENT only, SECTION I – COVERAGE**, Paragraph C. **Supplementary Payments** is deleted.

F. For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY WITH THIRD PARTY COVERAGE ENDORSEMENT only, SECTION III – LIMITS OF INSURANCE AND DEDUCTIBLE** is replaced by the following:

A. **Limits of Insurance**

1. The Employment Practices Limits of Insurance shown in the Schedule above or in the Declarations are the most we will pay regardless of the number of:
 - a. Insureds;
 - b. "Claims" made for a "wrongful employment act"; or
 - c. Persons or organizations making "claims" for "wrongful employment acts".
2. The Employment Practices Aggregate Limit is the most that we will pay for all "loss" arising out of all "claims" alleging "wrongful employment acts" to which this insurance applies.
3. Subject to Paragraph 2. above, the Employment Practices "Wrongful Employment Act" Limit is the most we will

pay for all “loss” arising from any one “claim” alleging “wrongful employment acts” to which this insurance applies.

4. The Employment Practices “Wrongful Employment Act” Limit is included within and not in addition to the Each “Claim” Limit. The Employment Practices Aggregate Limit is included within and not in addition to the School and Educators Legal Liability Aggregate Limit.
5. The Limits of Insurance of this endorsement apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the “policy period” shown in the Declarations, unless the “policy period” is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

B. Deductible

1. Our obligation to pay “loss” on behalf of the insured applies only to the amount of “loss” in excess of the deductible amount stated in the Schedule above or in the Declarations. The Limits of Insurance shall not be reduced by the amount of this deductible.
2. The deductible amount stated in the Schedule above or in the Declarations as per “Wrongful Employment Act” applies to all “loss” arising out of all “claims” alleging the same “wrongful employment acts” to which this insurance applies.
3. The terms of this insurance, including those with respect to:
 - a. Our right and duty to defend any “suits” seeking those damages; and
 - b. Your duties, and the duties of any other involved insured, in the event of an act, error or omission, or “claim”, apply irrespective of the application of the deductible amount.
4. We may pay any part or all of the deductible amount to effect settlement of any “claim”; and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount that we have paid.

G. For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY WITH THIRD PARTY COVERAGE ENDORSEMENT** only, the following definitions are added to **SECTION VI – DEFINITIONS**:

- A. “Recognized volunteer” means an uncompensated individual who volunteers labor or services to you, but only when performing such labor or services at the request of and under the direction of you.
- B. “Third Party” means any natural person who is a customer, vendor, supplier, service provider, temporary worker, independent contractor, “recognized volunteer” or other business invitee of your Educational Institution.
- C. “Wrongful act” includes “wrongful employment act.”
- D. “Wrongful employment act” means any actual or alleged:
 1. Wrongful dismissal, discharge or termination of employment, including constructive termination, dismissal or discharge;
 2. Breach of an implied contract or agreement relating to employment;
 3. Wrongful failure to employ or promote;
 4. Wrongful demotion, denial of tenure or practice privileges or deprivation of a career opportunity;
 5. Negligent supervision, training, evaluation, reassignment, hiring or retention;
 6. Negligent failure to adopt or enforce employment-related policies and procedures;
 7. Employment-related wrongful discipline;
 8. Employment discrimination or violation of any employment discrimination law;
 9. Disparate treatment of or failure or refusal to hire a claimant because he or she is or claims to be a member of a class which is or is alleged to be legally-protected;
 10. Employment-related invasion of privacy, false arrest or false imprisonment;
 11. Employment-related defamation, libel or slander, including statements in an “employee” reference;
 12. Employment-related wrongful infliction of emotional distress, mental anguish or humiliation;
 13. Employment-related misrepresentation;
 14. Sexual or other workplace harassment of any kind, including any unwelcome sexual or non-sexual advances, requests for sexual or non-sexual favors, or other verbal, visual, or physical conduct of a sexual or non-sexual nature that is made a condition of employment with or used as a basis for employment decisions by,

interferes with performance or creates an intimidating, hostile or offensive working environment;

15. Retaliation against an "employee" arising out of employment by or services performed for the insured;
16. Violation of any federal, state or local civil rights laws;
17. Discrimination against a "third party" based upon race, color, religion, creed, age, gender, national origin, disability, pregnancy, HIV status, marital status, sexual orientation or preference, military status, or other status that is protected pursuant to any applicable federal, state, or local statutory or common law;
- 18 Sexual harassment of a "third party", including unwelcome sexual advances, requests for sexual favors or other conduct of a sexual nature that create a work environment that is intimidating, hostile or offensive; or that unreasonably interferes with work performance; or
19. Workplace harassment of a "third party" including verbal or physical conduct that creates a work environment that is intimidating, hostile, or offensive; or that unreasonably interferes with work performance,

committed or attempted by an insured in his or her capacity as an insured.

Any series of "Wrongful Employment Acts" that are connected by reason of a common claimant, transaction, policy, action, omission or decision are a single "Wrongful Employment Act".

- H. For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY WITH THIRD PARTY COVERAGE ENDORSEMENT** only, **SECTION VI – DEFINITIONS**, Paragraphs H., I. and O. are replaced by the following:

H. "Employee" means:

1. A natural person employed by and directed by an insured, including any part-time, leased, temporary or seasonal employees; or
2. An individual who is a volunteer, intern, committee or staff member for the insured, but only if the insured provides indemnification to such individual in the same manner as that provided to the insured's "employees".

Independent Contractors are not "Employees".

An individual's employment status shall be determined as of the date of the "wrongful employment act".

- I. "Loss" means damages (including front pay and back pay), judgments, settlements, pre-judgment interest and post-judgment interest on that part of any judgment paid by us, and statutory attorney fees.

However, "loss" shall not include:

1. Civil or criminal fines or penalties imposed by law;
 2. Punitive or exemplary damages;
 3. The multiplied portion of multiplied damages;
 4. Taxes;
 5. Any amount for which the insureds are not financially liable or which are without legal recourse to the insureds;
 6. Employment related benefits, stock options, perquisites, deferred compensation or any other type of compensation other than salary, wages or bonus compensation; or
 7. Matters which may be deemed uninsurable under the law pursuant to which this Coverage Endorsement shall be construed.
- O. "Suit" means a civil proceeding or an administrative proceeding seeking monetary damages. "Suit" includes an arbitration, mediation or any other alternative dispute resolution proceeding seeking such damages to which the insured must submit or may submit with our consent. The term "suit" shall also mean an Equal Employment Opportunity Commission (EEOC), Department of Labor (DOL) or Office of Federal Contract Compliance Program (OFCCP) (or similar federal, state or local agency) proceeding or investigation commenced by the filing of a notice of charges, service of a complaint or similar document of which notice has been given to you. However, in no event, shall "suit" include any civil proceeding or administrative proceeding arising from any labor or grievance dispute which is subject to a collective bargaining agreement.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY SHALL REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

LAW ENFORCEMENT PROFESSIONAL LEGAL LIABILITY COVERAGE PART

SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART

- A. The following is added to **SECTION I – COVERAGE**, Paragraph **B.21. Pollution** under **Exclusions** of the LAW ENFORCEMENT PROFESSIONAL LIABILITY COVERAGE PART and Paragraph **B.18. Pollution** under **Exclusions** of the SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART:

This pollution exclusion applies whether or not such irritant or contaminant has any function in your business, operations, premises, site or location.

- B. The following is added to **SECTION IV – LAW ENFORCEMENT LEGAL LIABILITY CONDITIONS**, Paragraph **A. Bankruptcy** of the LAW ENFORCEMENT PROFESSIONAL LIABILITY COVERAGE PART and **SECTION IV – SCHOOL AND EDUCATORS LEGAL LIABILITY CONDITIONS**, Paragraph **A. Bankruptcy** the SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART:

In case execution against you is returned unsatisfied in an action brought by an injured person or his or her personal representative

because of an insolvency or bankruptcy, then an action in the nature of a writ of garnishment may be maintained by the injured person or his or her personal representative against us under and subject to the terms of this policy for the amount of the judgment not exceeding the amount of the policy.

- C. The following is added to **SECTION IV – LAW ENFORCEMENT LEGAL LIABILITY CONDITIONS**, Paragraph **B. Duties in the Event of Law Enforcement Wrongful Act, Claim, or Suit** of the LAW ENFORCEMENT PROFESSIONAL LIABILITY COVERAGE PART and **SECTION IV – SCHOOL AND EDUCATORS LEGAL LIABILITY CONDITIONS** Paragraph **B. Duties in the Event of Wrongful Act, Claim, or Suit** of the SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART:

References to notice in this section shall mean written notice given by you or on your behalf to any authorized agent of the insurer within the state, with particulars sufficient to identify you, shall be deemed to be notice to us.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PUNITIVE DAMAGES EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

For the purpose of coverage under this endorsement, the following is added to **SECTION II – LIABILITY COVERAGE**, Paragraph **B. Exclusions**:

This insurance does not apply to any sum awarded for punitive damages, exemplary damages, multiplied damages, taxes, fines, or penalties imposed by law.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN THE SAME.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ THIS CAREFULLY.

INCIDENTAL PROFESSIONAL LIABILITY COVERAGE FOR EDUCATIONAL INSTITUTIONS ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- I. For the purpose of this Endorsement only, the following is added to **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 1. Insuring Agreement:**

Incidental Professional Services Liability

- a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" arising out of the rendering of or failure to render "covered incidental professional services" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in **SECTION III – LIMITS OF INSURANCE**; and
- (2) Our right and duty to defend ends when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under **COVERAGES A** or **B** or medical expenses under **COVERAGE C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B**.

- b. This insurance applies to "bodily injury" arising out of the rendering of or failure to render "covered incidental professional services" only if:
- (1) The "bodily injury" is caused by an "occurrence" that takes place in the "coverage territory";
 - (2) The "bodily injury" occurs during the policy period; and
 - (3) Prior to the policy period, no insured listed under Paragraph 1. of **SECTION II – WHO**

IS AN INSURED and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" occurred, then any continuation, change or resumption of such "bodily injury" during or after the policy period will be deemed to have been known prior to the policy period.

- c. "Bodily injury" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of **SECTION II – WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" after the end of the policy period.
 - d. "Bodily injury" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of **SECTION II – WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - (1) Reports all, or any part, of the "bodily injury" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury"; or
 - (3) Becomes aware by any other means that "bodily injury" has occurred or has begun to occur.
 - e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".
- II. For the purpose of this Endorsement only, the following exclusions are added to **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, Paragraph 2. Exclusions** and **SECTION I – COVERAGES, COVERAGE B PERSONAL AND**

ADVERTISING INJURY LIABILITY, Paragraph 2. Exclusions:

This insurance does not apply to:

Infirmary, Clinic or Hospital

"Bodily injury", "property damage", or "personal and advertising injury" arising out of the following services if the insured owns or operates an infirmary with facilities for lodging and treatment, or a public clinic or hospital:

- a. The rendering of or failure to render:
 - (1) Medical, surgical, dental, x-ray or nursing service, treatment, advice or instruction, or the related furnishing of food or beverages;
 - (2) Any health or therapeutic service, treatment, advice or instruction; or
 - (3) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- b. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances; or
- c. The handling or treatment of dead bodies, including autopsies, organ donation or other procedures.

Abuse and Molestation

"Bodily injury", "property damage", or "personal and advertising injury" arising out of:

- a. The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, regardless whether the abuse or molestation was specifically intended or resulted from negligent conduct, or
- b. The negligent:
 - (1) Employment;
 - (2) Investigation;
 - (3) Supervision;
 - (4) Reporting to the proper authorities, or failure to so report; or
 - (5) Retention
of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph (1) above.

- III. For the purpose of this Endorsement only, under **SECTION II – WHO IS AN INSURED**, Paragraph **2.a.(1)(d)** is replaced by the following:

- (d) Arising out of his or her providing or failing to provide professional health care or educational counseling services that are not "covered incidental professional services".

- IV. For the purpose of this Endorsement only, **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS**, Paragraph **4.** is replaced by the following:

4. Other Insurance

This Coverage is excess over any other valid and collectible insurance (including deductible) available to the insured whether primary, excess, contingent, or on any other basis. When this insurance is excess, we have the right but not the duty to defend the insured against any claim or "suit".

Other valid and collectible insurance includes, but is not limited to, policies or insurance programs purchased or established by or on behalf of an insured to insure against liability arising from activities of an insured and its "employees", whether primary, excess, contingent, or on any other basis. The person seeking coverage shall cooperate with us to determine the existence, availability and coverage of any such other insurance policy, insurance program or defense or indemnification arrangement.

Other valid and collectible insurance does not include any umbrella policy issued by us or any coverage specifically issued by us as excess over this policy. Nothing in this provision shall be construed to require any such umbrella or excess coverage issued by us to apply unless and until all other valid and collectible insurance is exhausted.

- V. For the purpose of this Endorsement only, the following is added to **SECTION V – DEFINITIONS**:

"Covered incidental professional services" means professional health care or educational counseling services provided to your "employees" or students and incidental to the operation of your educational institution. This includes nursing, psychological, psychometric, guidance counseling, athletic training, speech, hearing, occupational or physical therapy services, treatment, advice or instruction. This includes the furnishing of food, beverages, medications, or appliances in connection with such services. This does not include health care services provided in an insured owned or operated infirmary with facilities for lodging and treatment, or a clinic or hospital.

Except as modified in this endorsement, all other terms and conditions of the policy to which this endorsement is attached will apply.

COMMERCIAL GENERAL LIABILITY

**2011 GENERAL LIABILITY EDUCATIONAL INSTITUTION
MULTISTATE FORMS REVISIONS
ADVISORY NOTICE TO POLICYHOLDERS**

SUMMARY OF FORM REVISIONS

Your policy may contain one or more of the following endorsements or its state specific version. The forms applicable to your policy will be identified on the Declarations Page. This is a summary of the major changes to these forms. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy or endorsements. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

The areas within the policy that broaden, reduce or clarify coverage are highlighted below. This notice does not reference every editorial change made in the coverage form.

421-0334 02 11 Sexual Misconduct or Sexual Molestation Liability (Occurrence)
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State Specific Versions:

AR 421-1641 02 11

The following are clarifications or have no impact on coverage:

- Exclusion for Dishonest, Fraudulent, Criminal, Wrongful or Malicious Act clarifies that it is the insured committing, knowingly allowing or directing the act who is excluded from coverage.
- Exclusion for Punitive Damages adds "taxes" to the exclusion for clarification.
- The definition of "sexual misconduct or sexual molestation" has been clarified.

421-1279 02 11 Sexual Misconduct or Sexual Molestation Liability (claims made)

State Specific Versions:

AR 421-1641 02 11	ME 421-1326 02 11	NJ 421-1335 02 11
CT 421-1489 02 11	MN 421-1347 02 11	NM 421-1328 02 11
IL 421-1359 02 11	MO 421-1529 02 11	PA 421-1849 02 11
MA 421-1357 02 11	NC 421-1422 02 11	TX 421-1437 02 11
MD 421-1352 02 11	NH 421-1340 02 11	

The following are clarifications or have no impact on coverage:

- Exclusion for Dishonest, Fraudulent, Criminal, Wrongful or Malicious Act clarifies that it is the insured committing, knowingly allowing or directing the act who is excluded from coverage.
- Exclusion for Punitive Damages adds "taxes" to the exclusion for clarification.
- The definition of "sexual misconduct or sexual molestation" has been clarified.

COMMERCIAL GENERAL LIABILITY**421-0343 02 11 Innocent Party Defense Coverage Endorsement****State Specific Versions:**

AR 421-2135 02 11

The following provide broadening of coverage:

- Increased the daily defense expense from \$250 to \$500
- Form now is variable, with the opportunity to include a separate aggregate "defense expense" amount or keep the "defense expense" unlimited, subject to the exhaustion of the Sexual Misconduct or Sexual Molestation Aggregate Limit.

421-0363 02 11 Educational Institution Amendatory Endorsement**State Specific Versions:**

MI 421-1885 02 11

MO 421-1905 02 11

The following are clarifications or have no impact on coverage:

- Removed Liberalization Clause, which is now a separate endorsement.
- Removed Property Damage Legal Liability, which is now a separate endorsement.
- Removed Professional Liability – Coverages now offered under a separate endorsement

The following provide broadening of coverage:

- Medical Payments is extended to expenses incurred and reported within three years of the date of accident.
- Added the following:
 - ✓ Additional Insured: Broad Form Vendors
 - ✓ Newly Acquired or Formed Organizations
 - ✓ Personal Injury – Contractual Liability
 - ✓ Personal Injury – Televised or Videotaped Publication
 - ✓ Mobile Equipment Redefined

The following provide restriction of coverage:

- Exclusion for medical payments for "bodily injury" to your student.

421-0365 02 11 Additional Insured – Participating Schools

- Expanded reference to liability which now includes "bodily injury", "property damage" and "advertising injury caused by errors and omissions"

421-1728 02 11 Punitive Damages Exclusion (new form replacing 421-0384)**State Specific Versions:**

AR 421-2136 02 11

The following are clarifications or have no impact on coverage:

- Updated language regarding punitive damages to include "taxes".

COMMERCIAL AUTOMOBILE
2011 COMMERCIAL AUTOMOBILE FOR EDUCATIONAL INSTITUTIONS
MULTISTATE FORMS REVISION
ADVISORY NOTICE TO POLICYHOLDERS

SUMMARY OF FORM REVISIONS

Your policy may contain one or more of the following endorsements or its state specific version noted below. The forms applicable to your policy will be identified on the Declarations Page. This is a summary of the major changes to these forms. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy or endorsements. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

The areas within the policy that broaden, reduce or clarify coverage are highlighted below. This notice does not reference every editorial change made in the coverage form.

461-0252 02 11 Educational Institution Business Auto Coverage Broadening Endorsement

State Specific forms: KY 461-0444 02 11
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The following are clarifications or have no impact on coverage:

- Restructured the form for appearance and clarity
- Combined the Lease and Loan Physical Damage coverages.

461-0253 02 11 Employees and Volunteer Workers as Insureds

The following is a reduction in coverage:

- The use of a covered "auto" by your employees or volunteer workers is limited to use while they are performing duties related to the conduct of your business. Use in your personal affairs is eliminated.

461-0260 02 11 Punitive Damages Exclusion
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State Specific forms: AR 461-0326 02 11
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The following are clarifications or have no impact on coverage:

- Updated language regarding punitive damages to include "taxes" and removed reference to "liquidated damages"

SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART

CLAIMS-MADE WARNING

NOTICE: THIS COVERAGE PART PROVIDES COVERAGE ON A CLAIMS-MADE BASIS. SUBJECT TO ITS TERMS, THIS COVERAGE PART APPLIES ONLY TO "CLAIMS" FIRST MADE AGAINST THE INSURED DURING THE "POLICY PERIOD", AUTOMATIC EXTENDED REPORTING PERIOD OR ANY PURCHASED OPTIONAL EXTENDED REPORTING PERIOD THAT MAY APPLY. PLEASE READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES, COVERAGE AND COVERAGE RESTRICTIONS.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance. The word "insured" means any person or organization qualifying as such under **SECTION II – WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION VI – DEFINITIONS**.

SECTION I – COVERAGE

A. Insuring Agreement

1. We will pay, on behalf of the insured, those sums which the insured becomes legally obligated to pay as "loss" because of a "claim" alleging a "wrongful act" to which this insurance applies.
2. This insurance applies to a "wrongful act" which occurs anywhere in the "coverage territory" but only if:
 - a. The "claim" is made within the United States of America, its territories or possessions, Puerto Rico or Canada;
 - b. The "wrongful act" did not occur before the Retroactive Date, if any, shown in the Declarations or after the end of the "policy period". The Retroactive Date is the specific date entered in the Declarations or, if no date is entered, the policy inception date shown in the Declarations;
 - c. The insured did not give notice to any prior insurer of such "wrongful act"; and
 - d. A "claim" for "loss" because of the "wrongful act" is first made against any insured, in accordance with Paragraph 3. below, during the "policy period" or any Extended Reporting Period we provide under **SECTION V – EXTENDED REPORTING PERIODS**.
3. A "claim" by a person or organization seeking damages will be deemed to have been made

at the earlier of the following:

- a. When notice of such "claim" is received by any insured or by us, whichever comes first; or
- b. When we make settlement in accordance with Paragraph **A.1.** above.

Two or more "claims" arising out of a single "wrongful act" or a series of "wrongful acts" related in any way to each other shall be considered one "claim". Any such "claims" whenever made shall be considered as first made at the time the first of those "claims" was made.

4. We will have the right and duty to defend the insured against any "claim" alleging a "wrongful act" to which this insurance applies.
5. We may at our sole discretion investigate any allegation of "wrongful act" and settle any "claim" that may arise.
6. The amount we will pay for "loss" will be in excess of the applicable deductible, if any, and as otherwise limited in **SECTION III – LIMITS OF INSURANCE AND DEDUCTIBLE**.
7. We will pay "defense expenses", with respect to any "claim" we defend arising out of any "wrongful act".

These payments will not reduce the applicable Limits of Insurance for payment of "loss".

Our duty to defend and to pay for defense ends when we have used up either the School and Educators Legal Liability Aggregate Limit

or the Each "Claim" Limit in payment of "loss".

8. We will have no duty to defend any insured against any "claim" to which this Coverage Part does not apply.
9. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under this Coverage Part.

B. Exclusions

This insurance does not apply to:

1. Intentional or Criminal Act

Any "claim" arising out of any intentional, dishonest, fraudulent, criminal, or malicious act or omission or any willful violation of law by the insured. This exclusion applies even if:

- a. The insured lacks the mental capacity to control or govern his or her own conduct; or
- b. The insured temporarily lacks the capacity to control or govern his or her own conduct or is temporarily unable to form any intent to cause harm.

However, this exclusion shall not apply unless and until there is an adverse admission by the insured, finding of fact, or final adjudication against the insured as to such excluded conduct, at which time the insured shall reimburse us for all "loss" and "defense expenses" we paid or incurred on account of such "claim".

2. Insurance

Any "claim" arising out of the failure to purchase proper insurance or maintain adequate limits of insurance.

3. Bodily Injury, Personal and Advertising Injury, or Property Damage

"Bodily injury", "property damage" or "personal and advertising injury".

4. Illegal Financial Gain

Any "claim" arising out of the insured obtaining or attempting to obtain remuneration or financial gain to which such insured was not legally entitled.

5. Employee Retirement Income Security Act

Any "claim" arising out of any responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974 or any amendments thereto.

6. Fidelity

Any "claim" arising from embezzlement, misuse, misappropriation, or breach of fiduciary duty in the handling or managing of public and/or private monies, investments or other funds.

7. Employee Benefit Plan

Any "claim" alleging a "wrongful act" related to the administration of any employee benefit plan.

8. Workers Compensation

Any obligation of the insured under a workers compensation, disability benefits, social security or unemployment compensation law or any similar rule, regulation or law.

9. Employers Liability

Any "claim" made by or on behalf of:

- a. An "employee" or former "employee" of the insured arising out of and in the course of:
 - 1) Employment by the insured; or
 - 2) Performing duties related to the conduct of the insured's business; or
- b. A spouse, child, parent, brother, sister, "domestic partner" or any other relative of that "employee" as a consequence of Paragraph a. above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

10. Contractual

Any "claim" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

11. Intellectual Property Rights

Any "claim" arising out of piracy, misappropriation of advertising ideas or style of doing business, or infringement of copyright, trade dress, patent, service mark, service name, slogan, title, trademark, or trade name.

12. War

Any "claim", however caused, arising directly or indirectly out of:

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

13. Physical Modifications and Changes in Business Operations

The costs of complying with physical modifications to your premises or any changes to your usual business operations as mandated by the Americans With Disabilities Act including any amendments, or any similar rule, regulation or law.

14. Professional Health Care Services

Any "claim" arising out of the rendering of or failure to render professional health care services by any insured, or by any person for whose acts or omissions any insured is legally responsible.

15. Abuse and Molestation

Any "claim" directly or indirectly arising out of or in any way related to:

- a. The actual or threatened abuse or molestation by anyone of any person regardless whether the abuse or molestation was specifically intended or resulted from negligent conduct and regardless whether any insured subjectively intended the injury or damage for which a "claim" is made, or
- b. The negligent:
 - 1) Employment;
 - 2) Investigation;
 - 3) Supervision;
 - 4) Reporting to the proper authorities, or failure to so report; or
 - 5) Retention
 of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph a. above.

16. Asbestos

Any "claim" arising out of any actual or alleged:

- a. Inhaling, ingesting or prolonged physical exposure by any person to asbestos or asbestos fibers or goods or products containing asbestos; or
- b. Use of asbestos in constructing or manufacturing any good, product or structure; or
- c. Intentional or accidental removal including encapsulation, dispersal, sealing or disposal of asbestos or asbestos fibers from any good, product or structure; or
- d. Manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos; or

- e. Product manufactured, sold, handled or distributed by or on behalf of the insured which contains asbestos; or
- f. Acts or omissions of the insured in connection with the general supervision of any job involving the removal, enclosure, encapsulation, dispersal, sealing, or disposal of asbestos, asbestos fibers or products containing asbestos.

General supervision includes the rendering of or failure to render any instructions, recommendations, warnings, or advice.

17. Lead

Any "claim" arising out of any actual or alleged lead poisoning due to:

- a. Inhaling, ingesting or prolonged physical exposure by any person to any premises, structure, goods or products containing lead; or
- b. The use of lead in constructing or manufacturing any good, product or structure; or
- c. Intentional or accidental removal including encapsulation, dispersal, sealing or disposal of any good, product or structure containing lead; or
- d. The manufacturing, transportation, storage or disposal of goods or products containing lead; or
- e. Any product manufactured, sold, handled or distributed by or on behalf of the insured which contains lead; or
- f. Acts or omissions of the insured in connection with the general supervision of any job involving the removal, enclosure, encapsulation, dispersal, sealing, or disposal of products or materials containing lead.

General supervision includes the rendering of or failure to render any instructions, recommendations, warnings, or advice.

18. Pollution

Any "claim" which would not have occurred in whole or in part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time; or "pollution cost or expense".

"Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

"Pollution cost or expense" means any loss, cost or expense arising out of any:

- a. Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
- b. "Claim" or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way responding to, or assessing the effects of, "pollutants".

19. Fungi or Bacteria

Any "claim" arising out of:

- a. The actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage; or
- b. Any "loss", cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

For purposes of this exclusion, "fungi" means any type of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

20. Nuclear Energy Liability

a. This Coverage Part does not apply:

- 1) To any "claim" seeking "loss" or damages:
 - a) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an

insured under any such policy but for its termination upon exhaustion of its limit of liability; or

- b) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
- 2) To any "loss" or damage resulting from "hazardous properties" of "nuclear material", if:
- a) The "nuclear material" is at any "nuclear facility" owned by, or operated by or on behalf of, an insured or has been discharged or dispersed there from;
 - b) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an insured; or
 - c) The "loss" or damage arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America (its territories or possessions), Puerto Rico or Canada, this exclusion applies only to "property damage" to such "nuclear facility" and any property thereat.
- b. As used in this exclusion:
- "Hazardous properties" includes radioactive, toxic, or explosive properties;
- "Nuclear material" means "source material", "Special nuclear material" or "by-product material";
- "Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic

Energy Act of 1954 or in any law amendatory thereof;

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

"Waste" means any waste material containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- 1) Any "nuclear reactor";
- 2) Any equipment or device designed or used for separating the isotopes of uranium or plutonium, processing or utilizing "spent fuel", or handling, processing or packaging "waste";
- 3) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;
- 4) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

Damages include all forms of radioactive contamination of property.

21. Employment Related Practices

Any "claim" seeking damages to:

- a. A person arising out of any:
 - 1) Refusal to employ that person;
 - 2) Termination of that person's employment; or
 - 3) Employment-related practices,

policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or

- b. The spouse, "domestic partner", child, parent, brother or sister of that person as a consequence of damages to that person at whom any of the employment-related practices described in Paragraph a. above is directed.

This exclusion applies:

- c. Whether the injury-causing event described in Paragraph a. above occurs before employment, during employment or after employment of that person;
- d. Whether you may be liable as an employer or in any other capacity; and
- e. To any obligation to share damages with or repay someone else who must pay damages because of the injury.

C. Supplementary Payments

We will pay, with respect to any "claim" we investigate or settle, or defend:

1. All expenses we incur, including "defense expenses";
2. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer; and
3. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Insurance.

These payments will not reduce the limits of insurance.

SECTION II – WHO IS AN INSURED

Each of the following is an insured to the extent set forth below:

- A. The "educational institution" named in the Declarations, its School Board, School Committee, Board of Trustees, Board of Governors or similar governing body and, for acts within the scope of their duties as such, all persons who were, now are, or shall be, its:
 1. Elected or appointed members of the Board of Education, Board of Trustees, School Directors, School Committee, Board of Governors, or similar governing body;
 2. "Employees";

3. Student Teachers teaching as part of their educational requirements; and
4. "School Volunteers":
 - a. Your Students while serving in a supervised internship program sponsored by the "educational institution";
 - b. "Employees" or Board Members serving as directors on the boards of "outside organizations" at the direction of and as a part of their duties to the "educational institution"; and
 - c. The spouse or "domestic partner" of an insured under Paragraph 1. above, but solely with respect to such person's status as a spouse or "domestic partner" and not for any "wrongful acts" actually or allegedly committed by the spouse or "domestic partner".

The persons or organizations described above whether past, present or future, are insureds but only while acting within the scope of their duties for, or for activities sponsored by the "educational institution".

- B. With respect to the liability of insureds described above, the heirs, administrators, assigns, and legal representatives of each insured in the event of death, incapacity, or bankruptcy.

SECTION III – LIMITS OF INSURANCE AND DEDUCTIBLE

A. Limits of Insurance

1. The Limits of Insurance shown in the Declarations are the most we will pay regardless of the number of:
 - a. Insureds;
 - b. "Claims" made; or
 - c. Persons or organizations making "claims".
2. The School and Educators Legal Liability Aggregate Limit is the most we will pay for all "loss" arising out of all "claims" alleging "wrongful acts" to which this insurance applies.
3. Subject to Paragraph 2. above, the Each "Claim" Limit is the most we will pay for "loss" arising out of any one "claim" alleging "wrongful acts" to which this insurance applies and shall be subject to the Each "Claim" Deductible.
4. Two or more "claims" arising out of a single "wrongful act" or a series of "wrongful acts" related in any way to each other shall be considered one "claim".
5. The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the "policy period" shown in the Declarations,

unless the "policy period" is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

B. Deductible

1. Our obligation to pay "loss" on your behalf applies only to the amount of "loss" in excess of the Deductible – Each "Claim" stated in the Declarations.
2. For each "claim", we will only pay those sums that are in excess of the deductible amount designated as the Deductible – Each "Claim". However, we may pay any part or all of the Deductible – Each "Claim" to effect settlement of any "claim" and upon notification of the action taken; you shall promptly reimburse us for such part of the deductible that has been paid by us.
3. The terms of this Coverage Part including those with respect to our right and duty to defend any "claim" and your duties in the event of a "claim" apply irrespective of the application of the deductible.

SECTION IV – SCHOOL AND EDUCATORS LEGAL LIABILITY CONDITIONS

A. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

B. Duties in the Event of Wrongful Act, Claim, or Suit

1. You must see to it that we are notified as soon as practicable of any "wrongful act" which may result in a "claim". Notice should include:
 - a. How, when, and where the "wrongful act" took place;
 - b. The names and addresses of persons involved in the "wrongful act" and witnesses; and
 - c. The nature of the harm resulting from the "wrongful act".
2. If a "claim" is received by an insured, you must:
 - a. Immediately record the specifics of the "claim" and the date received;
 - b. Notify us as soon as practicable; and
 - c. Forward written notice of the "claim" to us as soon as practicable.
3. You and any other involved insured must:
 - a. Immediately send us copies of any demands, notices, summonses, or legal papers received in connection with the

"claim" or "suit";

- b. Authorize us to obtain records and other information;
 - c. Cooperate with us in the investigation or settlement of the "claim" or defense against the "suit"; and
 - d. Assist us, upon our request, in the enforcement of any right against any person or organization, which may be liable to an insured because of "loss" to which this insurance may also apply.
4. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

C. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- 1. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- 2. To sue us on this Coverage Part unless all of its terms have been fully complied with.

Any disputes between the insured and us as to whether there is coverage under this policy must be filed in the courts of the United States of America (including its territories and possessions), Puerto Rico or Canada.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured, and the claimant or the claimant's legal representative.

D. Other Insurance

If other valid and collectible insurance is available to the insured for a "loss" we cover under this Coverage Part, our obligations are limited as follows:

1. Primary Insurance

This insurance is primary except when Paragraph 2. below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph 3. below.

2. Excess Insurance

- a. This insurance is excess over any other

valid and collectible insurance, whether primary, excess, contingent, or on any other basis available to the insured for any "wrongful act" which took place prior to the "policy period".

- b. This insurance is excess over any other valid and collectible insurance, whether primary, excess, contingent, or on any other basis available to any insured who is insured under this Coverage Part.
- c. When this insurance is excess, we will have the right but not the duty to defend the insured against any "claim".
- d. When this insurance is excess over other insurance, we will pay only our share of the amount of "loss", if any, that exceeds the sum of:
 - 1) The total amount that all such other insurance would pay for the "loss" in the absence of this insurance; and
 - 2) The total of all deductible and self-insured amounts under all that other insurance.

Other valid and collectible insurance includes, but is not limited to, policies or insurance programs purchased or established by or on behalf of an insured to insure against liability arising from activities of the insured and its "employees", including law enforcement personnel, whether primary, excess, contingent, or on any other basis. The person seeking coverage shall cooperate with us to determine the existence, availability and coverage of any such other insurance policy, insurance program or defense or indemnification arrangement.

Other valid and collectible insurance does not include any umbrella policy issued by us or any coverage specifically issued by us as excess over this policy. Nothing in this provision shall be construed to require any such umbrella or excess coverage issued by us to apply unless and until all other valid and collectible insurance is exhausted.

3. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the "loss" remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable

limit of insurance to the total applicable limits of insurance of all insurers.

E. Representations

By accepting this policy, you agree:

1. The statements in the Declarations are accurate and complete;
2. Those statements are based upon representations you made to us; and
3. We have issued this policy in reliance upon your representations.

F. Two or More Coverage Parts, Coverage Forms, Endorsements or Policies Issued By Us

It is our stated intent that the various coverage parts, coverage forms, endorsements or policies issued to you by us, or any company affiliated with us; do not provide any duplication or overlap of coverage for the same "claim" or "suit". If this policy and any other coverage part or policy issued to you by us, or any company affiliated with us, apply to the same "wrongful act"; then the maximum Limit of Insurance under all such coverage parts or policies combined shall not exceed the highest applicable Limit of Insurance under any one coverage part or policy.

This condition does not apply to any Excess or Umbrella Policy issued by us specifically to apply as excess insurance over this policy.

G. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:

1. As if each Named Insured were the only Named Insured; and
2. Separately to each insured against whom a "claim" is made or "suit" is brought.

H. Transfer of Rights of Recovery against Others to Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after "loss" to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

I. Cancellation and Nonrenewal

If we decide not to renew or cancel your policy, the provisions outlined in the Commercial General Liability Coverage Form of the policy for such action shall apply and will automatically include the non-renewal or cancellation of this coverage form. You agree that no further notice regarding termination of this coverage form will be required.

J. Your Right to Claim and Wrongful Act Information

We will provide the first Named Insured shown in the Declarations the following information relating to this and any preceding School and Educators Legal Liability Claims-Made Coverage Part we have issued to you during the previous three years:

1. A list or other record of each "wrongful act" not previously reported to any other insurer, of which we were notified in accordance with Paragraph **B. Duties in the Event of Wrongful Act, Claim, or Suit** of this Section. We will include the date and brief description of the "wrongful act" if that information was in the notice we received.

2. A summary by policy year, of payments made and amounts reserved, stated separately under the applicable Aggregate for Each Annual Policy Year limit.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

You must not disclose this information to any claimant or claimant's representative without our consent.

If we cancel or elect not to renew this Coverage Part, we will provide such information no later than 30 days before the date of policy termination. In other circumstances, we will provide this information only if we receive a written request from the first Named Insured. In this case, we will provide this information within 45 days of receipt of the request.

We compile "claim" and "wrongful acts" information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to insureds, insurers, or others to whom this information is furnished by or on behalf of any insured. Cancellation or nonrenewal will be effective even if we inadvertently provide inaccurate or incomplete information.

SECTION V – EXTENDED REPORTING PERIODS

- A. We will provide one or more Extended Reporting Periods, as described below, if:

1. This Coverage Part is canceled or not renewed; or
2. We renew or replace this Coverage Part with insurance that:
 - a. Has a Retroactive Date later than the date shown in the Declarations of this Coverage Part; or

- b. Does not apply to “loss” arising out of “wrongful acts” on a claims-made basis.
- B.** Extended Reporting Periods do not extend the “policy period” or change the scope of the coverage provided. They apply only to “claims” arising out of “wrongful acts” committed prior to the end of the “policy period”, but not before the Retroactive Date, if any, shown in the Schedule or Declarations. Once in effect, Extended Reporting Periods may not be canceled.
- C.** If we cancel or do not renew for any reason other than nonpayment of premium, an Automatic Extended Reporting Period will be provided without an additional premium. This period starts with the end of the “policy period” and lasts for 60 days with respect to “claims” arising out of “wrongful acts” committed prior to the end of the “policy period”, but not before the Retroactive Date, if any, shown in the Schedule or Declarations and not previously reported to us.
1. This Automatic Extended Reporting Period does not apply to “claims” that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to “claims”.
 2. The Automatic Extended Reporting Period does not reinstate or increase the School and Educators Legal Liability Limits of Insurance.
- D.** If this Coverage Part is cancelled or not renewed, you shall have the right, upon payment of an additional premium, to an Optional Extended Reporting Period. This period starts with the end of the “policy period” with respect to “claims” arising out of “wrongful acts” committed prior to the end of the “policy period”, but not before the Retroactive Date, if any, shown in the Schedule or Declarations and not previously reported to us.
1. This Optional Extended Reporting Period does not apply to “claims” that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to “claims”.
 2. The Optional Extended Reporting Period does not reinstate or increase the School and Educators Legal Liability Limits of Insurance.
 3. You must give us a written request for the Optional Extended Reporting Period endorsement within 60 days following the date of cancellation or nonrenewal. The Optional Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due. If the cancellation or nonrenewal is for nonpayment of premium, this Optional Extended Reporting Period will not be provided unless any earned premium

due is paid within 60 days after the effective date of such cancellation or expiration.

4. The available Optional Extended Reporting Periods and associated additional premiums are displayed in the table below.

Optional Reporting Period	Percent of Annual Premium
One Year	100%
Two Years	150%
Three Years	200%

- E.** In the event similar insurance is in force covering “claims” first made during the Extended Reporting Period, coverage provided by this Coverage Part shall be excess over any part of any other valid and collectable insurance available to the insured, whether primary, excess, and contingent or on any other basis, whose “policy period” begins or continues after our “policy period” ends.

SECTION VI – DEFINITIONS

- A.** “Advertisement” means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
1. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 2. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an “advertisement”.
- B.** “Bodily injury” means bodily injury, disability, sickness, or disease sustained by a person, including death resulting from any of these at any time. “Bodily injury” includes mental anguish or other mental injury resulting from “bodily injury”.
- C.** “Claim” means:
1. A written demand for monetary damages; or
 2. A “suit” against an insured for a “wrongful act” to which this insurance applies.
- D.** “Coverage territory” means anywhere in the world with the exception of any country or jurisdiction which is subject to trade or other economic sanction or embargo by the United States of America.
- E.** “Defense Expenses” means payments allocated to a specific “claim” for investigation or defense including:
1. Any reasonable and necessary legal fees and expenses, including attorney fees and expert fees, incurred in the defense and appeal of a “claim”;

2. Reasonable and necessary fees of attorneys the insured retains when by mutual agreement or court order the insured is given the right to retain defense counsel to defend a "claim";
3. The cost of appeal bonds or bonds to release attachments in any "claims" we are defending, but only for bond amounts within the applicable Limit of Insurance. We do not have to furnish these bonds;
4. Costs taxed against the insured in the "claim"; and
5. Up to \$500 per day per insured individual for reasonable expenses incurred for attendance at hearings, trials or depositions at our request or with our consent by such insured individual. Such payment shall not exceed \$5,000 in the aggregate for all insured individuals in each "claim".

"Defense expenses" does not include:

6. Salaries, wages, fees, overhead or benefit expenses associated with any insured except as specified in Paragraph 5. above;
 7. Salaries and expenses of our employees, including our employed attorneys, salaries and expense of the insured's "employees" (other than those described in Paragraph 5. above); or
 8. Any damages, including punitive damages, exemplary damages, multiplied damages, fines or penalties.
 9. Any amounts incurred in defense of a "claim" for which any other insurer has a duty to defend, regardless of whether or not such other insurer undertakes that duty.
- F.** "Domestic Partner" means any natural person qualifying as a domestic partner under the provisions of any applicable federal, state or local law or under the provisions of any formal program established by a Named Insured.
- G.** "Educational Institution" means the school or other educational institution named in the Declarations of this Coverage Part as legally constituted at the beginning of the "policy period".
- H.** "Employee" includes a "leased worker". "Employee" does not include a "temporary worker" but does include substitute teachers.
- "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
- "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
- I.** "Loss" means a compensatory monetary award, settlement or judgment, including damages for which you may be required by law to indemnify an insured.
- However, "Loss" does not include:
1. Any sum awarded for punitive damages, exemplary damages, multiplied damages, taxes, fines or penalties imposed by law;
 2. The cost of compliance with injunctive or other non-monetary relief;
 3. The value of tuition and fees paid to you, including fees for room, board, laboratories, and other similar fees;
 4. The value of scholarships granted by you or from other sources.
- J.** "Outside organization" means any:
1. Nonprofit organization described in section 501(c)3 of the Internal Revenue Code of 1986 (as amended);
 2. Other entity organized for a religious or charitable, educational purpose under any nonprofit organization act or statute.
- K.** "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
1. False arrest, detention or imprisonment;
 2. Malicious prosecution;
 3. Wrongful entry, eavesdropping, eviction, trespass or other invasion of the right of private occupancy;
 4. Defamation, libel, slander, product disparagement, trade libel, infliction of emotional distress, outrage, outrageous conduct, or other tort related to disparagement or harm to the reputation or character of any person or organization;
 5. The use of another's advertising idea in your "advertisement"; or
 6. Infringing upon another's copyright, trade dress or slogan in your "advertisement"; or
 7. Invasion, intrusion or interference with the right of privacy or publicity, including false light, public disclosure of private information, or commercial appropriation of name or likeness.
- L.** "Policy Period" means the period beginning with the Inception Date shown in the Declarations and ending with the earlier of:
1. The date of cancellation of this policy; or
 2. The expiration date shown in the Declarations.
- M.** "Property damage" means:

1. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
2. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the occurrence that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from, computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

- N.** "School volunteer" means a person who is not your "employee" and who donates his or her works and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
- O.** "Suit" means a civil proceeding in which "loss" because of a "wrongful act" to which this insurance applies is alleged. "Suit" includes:
1. An arbitration proceeding in which such "loss" is claimed and to which the insured must submit or does submit with our consent; or
 2. A formal administrative or regulatory proceeding established under federal, state or local laws and commenced by the filing of a notice of charges, formal investigative order or similar document; or
 3. Any other alternative dispute resolution proceeding in which such "loss" is claimed and to which the insured submits with our consent.
- P.** "Wrongful act" means any actual or alleged negligent act, error or omission, misstatement or misleading statement committed by any insured:
1. In the lawful discharge of the duties that are characteristic of, distinctive or inherent to, the operation and functioning of an educational institution; and
 2. While acting within the course and scope of their duties for the Named Insured.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – TAX ASSESSMENT

This endorsement modifies insurance provided under the following:

SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART

The following is added to **SECTION I – COVERAGE**,
Paragraph **B. Exclusions**:

Tax Assessment

This insurance does not apply to any "claim" arising
out of:

1. Any tax assessment or adjustments;
2. The collection, refund, disbursement or application of any taxes;
3. Failure to anticipate tax revenue shortfalls; or
4. Guarantee on bond issues.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION – EMINENT DOMAIN, INVERSE
CONDEMNATION, ADVERSE POSSESSION**

This endorsement modifies insurance provided under the following:

SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART

The following is added to **SECTION I – COVERAGE**,
Paragraph **B. Exclusions**:

**Eminent Domain, Inverse Condemnation, Adverse
Possession**

This insurance does not apply to any "claim" arising

out of eminent domain, inverse condemnation, or
condemnation proceedings, adverse possession or
dedication by adverse use, or by whatever name
called, whether such liability accrues directly against
any insured or by virtue of any agreement entered into
by or on behalf of any insured.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NON-MONETARY RELIEF DEFENSE COVERAGE

This endorsement modifies insurance provided under the following:

SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART

SCHEDULE	
Aggregate Defense Expense Amount - Non-Monetary Relief:	\$100,000

Aggregate Defense Expense Amount - Non-Monetary Relief: \$100,000

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

A. SECTION I – COVERAGE, Paragraph **A.4.** of **Insuring Agreement** is replaced by the following:

4. We will have the right and duty to defend the insured against any “claim” alleging a “wrongful act” to which this insurance applies:
 - a. Seeking “loss” because of such “wrongful act”; and
 - b. Seeking only injunctive or other non-monetary relief because of such “wrongful act”.

But:

- c. When the Aggregate Defense Expense Amount – Non-Monetary Relief is used up in the payment of “defense expenses”, our duty to defend ends with respect to any “suit” seeking only injunctive or other non-monetary relief subject to such exhausted limit; and
- d. We will have no duty to defend the insured against any “suit” seeking injunctive or other non-monetary relief to

which this insurance does not apply.

B. The following is added to SECTION III - LIMITS OF INSURANCE:

C. Aggregate Defense Expense Amount - Non-Monetary Relief

The Aggregate Defense Expense Amount - Non-Monetary Relief shown in the Schedule above or in the Declarations is the most we will pay for all "defense expenses" arising from all "wrongful acts" to which this insurance applies and for which a "claim" is first made during the "policy period" seeking only injunctive or other non-monetary relief.

C. SECTION VI – DEFINITIONS, Paragraph **C.** is replaced by the following:

C. "Claim" means:

1. A written demand for monetary damages, or injunctive or other non-monetary relief; or
2. A “suit” against an insured for a “wrongful act” to which this insurance applies.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS SHALL REMAIN THE SAME.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITED KEY EMPLOYEE REPLACEMENT EXPENSE ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE	
Key Employee Positions	
President	
Per Key Employee loss:	\$50,000
Aggregate Key Employee loss:	\$100,000

(If no entry appears in the Schedule above, information required to complete this endorsement will be shown in the Declarations)

- I. The following is added to **SECTION I – COVERAGES, SUPPLEMENTARY PAYMENTS – COVERAGES A AND B, Paragraph 1.:**
- Key Employee Replacement Expense**
- At your request, we will reimburse you for “key employee replacement expenses” incurred because of a “key employee loss” which occurs during the policy period and within the “coverage territory”. This coverage begins on the date of the “key employee loss” and ends 75 days after the date that a permanent replacement is hired, subject to a maximum of 200 days.
- Unless higher limits are shown in the Schedule above or the Declarations, the coverage provided is limited to \$50,000 per “key employee loss” subject to a \$100,000 aggregate limit per policy period.
- The Aggregate Limit is the most we will reimburse you for the total of all “key employee expense” arising out of all “key employee losses” during the policy period.
- Exclusions**
- This Supplementary Coverage does not apply to “key employee replacement expenses” arising out of:
- a. Suicide or attempted suicide while sane or insane, or any self-inflicted injury;
 - b. Any sickness or disease;
 - c. Pregnancy or any pregnancy related complications, events, conditions or procedures;
 - d. War or warlike military action; or
 - e. Nuclear reaction, radiation or radioactive contamination.
- II. For the purposes of this **SUPPLEMENTARY PAYMENT** the following definitions apply:
- “Key employee loss” means the permanent loss of services of your “employee” who held a Key Employee Position shown in the Schedule due to sudden and accidental death or permanent disability. Permanent disability means the total and permanent physical inability of your employee to perform the normal duties of their Key Employee Position.
- “Key employee replacement expenses” means those reasonable and necessary extra expenses listed below that are directly due to a “key employee loss” which you would not have incurred but for the “key employee loss”:
- a. Expenses to continue performance of the normal job duties of the Key Employee Position with temporary personnel while actively seeking a permanent replacement;
 - b. Fees paid to an employment agency;
 - c. Costs of the replacement “employee’s” moving and relocation;
 - d. Education and training expenses;
 - e. Costs of advertising for the replacement;
 - f. Costs associated with interviewing, investigating, or retraining potential replacements; or
 - g. First year salary and benefits for the replacement “employee” in excess of what would have been paid to the “employee” who held the Key Employee Position. However, the most we will pay for these expenses will be 15% of what would have been incurred by you for the “employee” who held the Key Employee Position.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PUNITIVE DAMAGES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions** and **SECTION I – COVERAGES, COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY, 2. Exclusions**:

This insurance does not apply to:

Punitive Damages

Any sum awarded for punitive damages, exemplary damages, multiplied damages, taxes, fines or penalties imposed by law.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIBERALIZATION CLAUSE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following is added to **SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS:**

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium charges, within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INNOCENT EMPLOYEE DEFENSE COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

The following is added to **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B**:

3. At your request, we will reimburse you for the sums that you voluntarily pay to an “employee” of yours for the reasonable and necessary defense costs incurred by that “employee” to defend criminal charges brought against that “employee”, but this Supplementary Payment only applies if:
 - a. The acts out of which such criminal charges arise are alleged to have:
 - 1) Arisen out of and in the course of your employment of the “employee”; and
 - 2) Taken place during that period of time that the “employee” was employed by you; and
 - 3) Taken place during the policy period and in the “coverage territory”; and
 - b. All the criminal charges are either dismissed with prejudice or your “employee” is found not guilty of all criminal charges by a court of law.

We will not reimburse you for any sums that you voluntarily pay to your “employee” for the reasonable and necessary defense costs that “employee” incurs to defend the criminal charges made against that “employee”:

- c. For any criminal charge(s) arising out of the ownership, maintenance, use or entrustment to others of any aircraft, “auto” or watercraft;
- d. For any criminal charge(s) where your “employee” receives anything less than either a complete dismissal with prejudice or a not guilty verdict on all charges, including without limitation, any deferred adjudication or similar finding of guilt that is held in abeyance for any reason, pending the completion of any remedial activity such as community service or counseling; or
- e. For any fines or penalties whatsoever.

The most will pay under this provision is \$25,000 during the policy period regardless of the number of requests for reimbursement made by you.

Except as modified by this endorsement, all other terms and conditions of the policy to which this endorsement is attached will apply.

THE ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION

This endorsement modifies insurance provided under the following:

SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART

The following is added to **SECTION I – COVERAGE**, Paragraph **B. Exclusions**:

Recording and Distribution of Material or Information in Violation of Law

Any “claim” arising directly or indirectly out of any alleged “wrongful act” that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- b. The CAN-SPAM Act of 2003, including any

amendment of or addition to such law;

- c. The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- d. Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

HIRED AND NONOWNED AUTO – AGENTS AND EMPLOYEES OF OWNER EXCLUSION

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM

SECTION II – LIABILITY COVERAGE, Paragraph A. Coverage, Subparagraph 1. Who Is An Insured, Item b.(1) is replaced by the following:

- b.** Anyone else while using with your permission a covered "auto" you own, hire or borrow except:

- (1)** The owner of a "covered auto" you hire or

borrow, that owner's agents and employees, or anyone else from whom you hire or borrow a covered "auto". This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.

ALL OTHER TERMS, CONDITIONS AND EXCLUSIONS REMAIN THE SAME.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EDUCATIONAL INSTITUTION LIMITED POLLUTION LIABILITY FOR CURRICULUM OR PROGRAM ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- I. For the purpose of this endorsement, the following is added to **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, f. Pollution (1)(a)**:

However, this paragraph does not apply to "bodily injury" or "property damage" arising out of activities and functions that are usual to instruction in the named insured's educational curriculum or program occurring within non-residential buildings or structures, including swimming pools, on the named insured's premises. This exception does not apply to "bodily injury" or "property damage" arising out of building or structure design, operations, maintenance or repair.

- II. If the Total Pollution Exclusion endorsement **CG 2155** or **CG 2165** is made a part of this policy, Paragraph I. above does not apply and the following is added to **SECTION I –**

COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, 2. Exclusions, f. Pollution (1) as amended by either endorsement **CG 2155** or **CG 2165**:

However, this exclusion does not apply to "bodily injury" or "property damage" arising out of activities and functions that are usual to instruction in the named insured's educational curriculum or program occurring within non-residential buildings or structures, including swimming pools, on the named insured's premises. This exception does not apply to "bodily injury" or "property damage" arising out of building or structure design, operations, maintenance or repair.

- III. For the purpose of this endorsement the following is added to **SECTION I – COVERAGES, COVERAGE C MEDICAL PAYMENTS, 2. Exclusions**:

We will not pay expenses for "bodily injury" arising out of exposure to "pollutants".

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SEXUAL MISCONDUCT OR SEXUAL MOLESTATION LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Schedule

"Sexual Misconduct or Sexual Molestation" Each Incident Limit	\$1,000,000
"Sexual Misconduct or Sexual Molestation" Aggregate Limit	\$1,000,000

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Except for the insurance provided by this endorsement, the Coverage Part to which this endorsement is attached does not apply to any claim or "suit" seeking damages arising out of any actual or alleged "sexual misconduct or sexual molestation incident".

A. The following is added to SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY:

1. Insuring Agreement

- a. We will pay those sums the insured becomes legally obligated to pay as damages because of "bodily injury" arising out of a "sexual misconduct or sexual molestation incident" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" to which this insurance does not apply. We may, at our discretion, investigate any "sexual misconduct or sexual molestation incident" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in **SECTION III – LIMITS OF INSURANCE** of this endorsement; and
- (2) Our right and duty to defend ends when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under the insurance provided by this endorsement.

No other obligation or liability to pay sums or perform acts or services is covered unless expressly provided for under **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B.**

- b. This insurance applies to "bodily injury" arising out of a "sexual misconduct or sexual molestation incident" only if:

- (1) The "sexual misconduct or sexual molestation incident" takes place in the "coverage territory";
- (2) The "sexual misconduct or sexual molestation incident" occurs during the policy period; and
- (3) Prior to the policy period no insured listed under Paragraph 1. of **SECTION II – WHO IS AN INSURED** and no "employee" authorized by you to give or receive notice of a "sexual misconduct or sexual molestation incident" or claim, knew that the "sexual misconduct or sexual molestation incident" had occurred in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "sexual misconduct or sexual molestation incident" occurred, then any multiple, continuous, related or repeated acts of such "sexual misconduct or sexual molestation" during or after the policy period will be deemed to have been known prior to the policy period.

- c. The "sexual misconduct or sexual molestation incident" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of **SECTION II – WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of a "sexual misconduct or sexual molestation incident" or claim:

- (1) Reports all, or any part, of the "sexual misconduct or sexual molestation incident" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "sexual misconduct or sexual molestation incident"; or
- (3) Becomes aware by any other means that the "sexual misconduct or sexual molestation incident" has occurred or has begun to occur.

2. Exclusions

The insurance provided under this endorsement does not apply to:

a. Participating In or Knowingly Allowing Sexual Misconduct or Sexual Molestation

Any insured who participated in, knowingly allowed or directed any "sexual misconduct or sexual molestation incident".

b. Dishonest, Fraudulent, Criminal, Wrongful Or Malicious Act

"Bodily injury" arising out of any intentional, dishonest, fraudulent, criminal, wrongful or malicious act, error or omission, committed by, knowingly allowed or directed by the insured, including the willful or reckless violation of any statute or law.

This exclusion applies even if:

- (1) The insured or the person causing the "bodily injury" lacks the mental capacity to control or govern his or her own conduct; or
- (2) The insured or the person causing the "bodily injury" temporarily lacks the capacity to control or govern his or her own conduct or is temporarily unable to form any intent to cause harm.

This exclusion applies regardless whether the insured or the person causing the "bodily injury" is actually charged with or convicted of a crime.

c. Sex Discrimination

"Bodily injury" arising out of sex discrimination.

d. Contractual

Liability assumed by any insured under any contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

e. Workers Compensation

Any obligation of any insured under a workers' compensation, disability benefits, or unemployment compensation law or any similar law.

f. Employer's Liability

Any claim made by or on behalf of:

- (1) Any "employee" of the insured arising out of and in the course of employment by any insured; or
- (2) Any person as a consequence of 1) above.

This Exclusion applies:

- (3) Whether any insured may be liable as an employer or in any other capacity; and
- (4) To any obligation to share damages with or repay someone else who must pay damages because of injury.

g. Employment Related Practices

Any "claim" by or on behalf of:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation or discrimination directed at that person; or
- (2) Any person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (1) (a), (b), or (c) above is directed.

This exclusion applies:

- (3) Whether the insured may be liable as an employer or in any other capacity; and
- (4) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

h. Punitive or Exemplary Damages

Any sum awarded for punitive damages, exemplary damages, multiplied damages, taxes, fines or penalties arising out of any "sexual misconduct or sexual molestation incident".

i. Bodily Injury, Property Damage, Personal and Advertising Injury

- (1) "Bodily injury" for which insurance is provided by other insurance, or which would have been provided but for the exhaustion of limits; or
- (2) "Property damage" or "personal and advertising injury".

j. Prior Insurance or Prior Condition

"Bodily injury":

- (1) For which insurance is afforded under any policy with a policy period that began prior to the beginning of the policy period for this insurance, or
- (2) That results from a "sexual misconduct or sexual molestation incident" that first commenced prior to the beginning of the policy period for this insurance.

B. The following is added to SECTION II – WHO IS AN INSURED:

For the purpose of the coverage provided by this endorsement, none of the following is an insured:

- 1. Any insured who participated in, knowingly allowed or directed a "sexual misconduct or sexual molestation incident"; or
- 2. Any person who knew of a "sexual misconduct or sexual molestation incident" and failed to comply with any applicable federal, state or local laws, ordinances or regulations which require the reporting of such act.

C. For the purpose of the coverage provided by this endorsement, the following applies to SECTION III – LIMITS OF INSURANCE:

- 1. The Limits of Insurance shown in the Schedule or Declaration and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
- 2. The "Sexual Misconduct or Sexual Molestation" Aggregate Limit is the most we will pay for all damages because of or arising in any way out of "sexual misconduct or sexual molestation" to which this insurance applies.
- 3. Subject to the "Sexual Misconduct or Sexual Molestation" Aggregate Limit, the "Sexual Misconduct or Sexual Molestation" Each Incident Limit is the most we will pay for all damages sustained in any one "sexual misconduct or sexual molestation incident".
- 4. The Limits of Insurance of this endorsement apply separately to each consecutive annual

period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

D. SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS, Paragraph 2.a. is replaced by the following:

2. Duties In The Event Of an Act, Error or Omission, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of a "sexual misconduct or sexual molestation incident" or an offense which may result in a claim. Notice should include:

- (1) How, when and where the "sexual misconduct or sexual molestation incident" or offense took place;
- (2) The names and addresses of any injured persons and witnesses; and
- (3) The nature of any injury arising out of the "sexual misconduct or sexual molestation incident" or offense.

E. The following is added to SECTION V – DEFINITIONS:

- 1. "Sexual misconduct or sexual molestation" means actual or alleged physical sexual misconduct or physical sexual molestation arising out of a single, continuous or repeated exposure of one or more persons to acts of a physical sexual nature committed by:
 - a. One person; or
 - b. Two or more persons acting together or in related acts or series of acts.

However, "sexual misconduct or sexual molestation" does not include employment-related sexual harassment.

- 2. "Sexual misconduct or sexual molestation incident" means an act or multiple, continuous, related or repeated acts of "sexual misconduct or sexual molestation" by one person or two or more persons acting together. All acts of "sexual misconduct or sexual molestation" by any one person, or two or more persons acting together will be deemed to be one incident. The "sexual misconduct or sexual molestation incident" will be deemed to occur when the first "sexual misconduct or sexual molestation incident" takes place regardless of:
 - a. The number of persons injured;

- b. The time period over which the "bodily injury" took place;
- c. The number of such acts; or
- d. Whether each such person participated in each act.

All "sexual misconduct or sexual molestation incidents" by one person, or two or more persons acting together will be considered one "sexual misconduct or sexual molestation incident".

- F. For the purpose of coverage provided by this endorsement, under **SECTION V – DEFINITIONS**, the definition of "bodily injury" is replaced by the following:

"Bodily injury" means bodily injury, sickness or disease sustained by a person. "Bodily injury" includes mental anguish, mental injury, shock, fright or death resulting from physical injury.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

**LAW ENFORCEMENT PROFESSIONAL LEGAL LIABILITY COVERAGE
SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE**

**2011 PROFESSIONAL LIABILITY FOR EDUCATIONAL INSTITUTIONS
MULTISTATE FORMS REVISION
ADVISORY NOTICE TO POLICYHOLDERS**

SUMMARY OF FORM REVISIONS

Your policy may contain one or more of the following forms or its state specific version noted below. The forms applicable to your policy will be identified on the Declarations Page. This is a summary of the major changes to these forms. No coverage is provided by this summary nor can it be construed to replace any provisions of your policy or endorsements. You should read your policy and review your Declarations page for complete information on the coverages you are provided. If there is any conflict between the policy and this summary, **THE PROVISIONS OF THE POLICY SHALL PREVAIL.**

The areas within the policy that broaden, reduce or clarify coverage are highlighted below. This notice does not reference every editorial change made in the coverage form.

421-0344 02 11 Law Enforcement Professional Legal Liability Coverage Part (Claims Made)

The following provide clarifications or have no impact on coverage:

- "Law enforcement wrongful act" also means "alleged law enforcement wrongful acts".
- Coverage territory does not include any country or jurisdiction which is subject to trade or other economic sanction or embargo by the US.
- Supplementary Payments section added to clarify "defense expenses", pre and post judgment interest.
- Definition of "loss" does not include punitive damages, exemplary damages, multiplied damages or taxes, fines or penalties imposed by law.
- Language added to clarify that two or more coverage parts, forms, endorsements or policies issued by us do not provide any duplication or overlap of coverage for the same "claim".
- Defense expenses do not include amounts incurred for which any other insurer is responsible regardless of whether they undertake that duty.
- Any disputes concerning whether there is coverage must be filed in US courts or Canada.
- Adds definition for "loading and unloading".
- Supplemental Aggregate Limits of Insurance available during the Optional Extended Reporting Period are now added by endorsement.
- The Basic Extended Reporting Period is changed to an Automatic Extended Reporting Period.
- The Supplemental Extended Reporting Period is changed to an Optional Extended Reporting Period.
- The **Intentional or Criminal Act** exclusion has been changed to clearly state that it does not apply until there is finding of fact, admission or final adjudication of the excluded conduct, at which time the insured will reimburse us for all loss and defense expenses paid.

The following provide broadening of coverage:

- Spouse or domestic partner of an insured are included as insureds with respect to their status as the insured's spouse or domestic partner but not for any wrongful acts actually or allegedly committed by them.
- Employees or Board Members serving as directors on the boards of outside organizations at the direction of the educational institution are included as insureds while acting within the scope of their activities for you.
- The available Optional Extended Reporting Periods has changed from 3 years to a choice of 1, 2 and 3 years.

**LAW ENFORCEMENT PROFESSIONAL LEGAL LIABILITY COVERAGE
SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE**

The following provide a possible reduction in coverage:

- If we cancel or nonrenew for any reason other than nonpayment of premium, an Automatic Extended Reporting Period applies for 60 days. The prior form provided 90 days.
- Reasonable expenses incurred by an insured individual for attendance at hearings, trials, etc, are capped at an aggregate of \$5,000 per policy period.

421-0353 02 11 School and Educators Legal Liability Coverage Part (Claims Made)

The following provide clarifications or have no impact on coverage:

- Coverage territory does not include any country or jurisdiction which is subject to trade or other economic sanction or embargo by the US.
- Supplementary Payments section added to clarify "defense expenses", pre and post judgment interest.
- Definition of "loss" does not include punitive damages, exemplary damages, multiplied damages or taxes, fines or penalties imposed by law.
- Definition for "advertisement" added.
- Language added to clarify that two or more coverage parts, forms, endorsements or policies issued by us do not provide any duplication or overlap of coverage for the same "claim".
- EPLI coverage is removed by exclusion and is now provided through separate endorsements.
- Defense expenses do not include amounts incurred for which any other insurer is responsible regardless of whether they undertake that duty.
- Any disputes concerning whether there is coverage must be filed in US courts or Canada.
- Adds definition for "loading and unloading".
- Supplemental Aggregate Limits of Insurance available during the Optional Extended Reporting Period are now added by endorsement.
- The **Intentional or Criminal Act** exclusion has been changed to clearly state that it does not apply until there is finding of fact, admission or final adjudication of the excluded conduct, at which time the insured will reimburse us for all loss and defense expenses paid.
- The Basic Extended Reporting Period is changed to an Automatic Extended Reporting Period.
- The Supplemental Extended Reporting Period is changed to an Optional Extended Reporting Period.

The following provide broadening of coverage:

- Spouse or domestic partner of an insured are included as insureds with respect to their status as the insured's spouse or domestic partner but not for any wrongful acts actually or allegedly committed by them.
- Employees or Board Members serving as directors on the boards of outside organizations at the direction of the educational institution are included as insureds while acting within the scope of their activities for you.
- The available Optional Extended Reporting Periods has changed from 3 years to a choice of 1, 2 and 3 years.

**LAW ENFORCEMENT PROFESSIONAL LEGAL LIABILITY COVERAGE
SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE**

- Revised definition of "Personal and Advertising Injury" to include:
 - ✓ Wrongful entry, eavesdropping, eviction, trespass or other invasion of the right of private occupancy;
 - ✓ Defamation, libel, slander, product disparagement, trade libel, infliction of emotional distress, outrage, outrageous conduct, or other tort related to disparagement or harm to the reputation or character of any person or organization;
 - ✓ Invasion, intrusion or interference with the right of privacy or publicity, including false light, public disclosure of private information, or commercial appropriation of name or likeness.

The following provides a possible reduction in coverage:

- If we cancel or nonrenew for any reason other than nonpayment of premium, an Automatic Extended Reporting Period applies for 60 days. The prior form provided 90 days.

421-1702 02 11 EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY WITH THIRD PARTY COVERAGE ENDORSEMENT (DEFENSE WITHIN LIMITS)		
State Specific Versions:		
AR 421-1947 02 11	ME 421-1897 02 11	NC 421-1761 02 11
DC 421-1907 02 11	MN 421-1768 02 11	PA 421-1891 02 11
IL 421-1779 02 11		
421-1719 02 11 EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY WITH THIRD PARTY COVERAGE ENDORSEMENT (DEFENSE OUTSIDE LIMITS)		
State Specific Versions:		
AR 421-1946 02 11	IL 421-1771 02 11	MN 421-1767 02 11
DC 421-1906 02 11	ME 421-1896 02 11	PA 421-1890 02 11
421-1724 02 11 EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY COVERAGE ENDORSEMENT (DEFENSE WITHIN LIMITS)		
State Specific Versions:		
AR 421-1750 02 11	ME 421-1899 02 11	NC 421-1762 02 11
DC 421-1909 02 11	MN 421-1765 02 11	PA 421-1893 02 11
IL 421-1769 02 11		
421-1723 02 11 EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY COVERAGE ENDORSEMENT (DEFENSE OUTSIDE LIMITS)		
State Specific Versions:		
AR 421-1749 02 11	IL 421-1770 02 11	MN 421-1766 02 11
DC 421-1908 02 11	ME 421-1898 02 11	PA 421-1892 02 11

The following provide clarifications or have no impact on coverage that had previously been offered as part of the School and Educators Legal Liability Coverage Part:

- New definition of "wrongful employment act", "loss", and "suit".
- Separate "Wrongful Employment Act" Limit and "Aggregate Limit", as included within and not in addition to the School and Educator's Legal Liability Limits.
- Forms 421-1702 and 421-1719, or their state specific versions, also provide coverage for claims by "third parties" in addition to "employees" and applicants for employment.

The following Exclusions have been added or modified to clarify what is not covered:

- Statutory Obligations
- Worker's Compensation, Social Security and Unemployment, Disability and Retirement Benefits.

**LAW ENFORCEMENT PROFESSIONAL LEGAL LIABILITY COVERAGE
SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE**

The following provide a reduction in coverage:

- Separate deductible for EPL.
- New Exclusions for:
 - ✓ Contractual Liability
 - ✓ Non-monetary Relief
 - ✓ Outside Boards
- Forms 421-1702 and 421-1724, or their state specific versions, provide for defense costs within the limits of coverage, which would reduce the per claim and aggregate limits.

EDUCATIONAL INSTITUTION MISCELLANEOUS PROPERTY COVERAGE FORM

Schedule of Coverage

Limits of Insurance

<u>Covered Property</u>	<u>Limits of Insurance</u>
School Band Uniforms, Choir Robes, Similar and Related Property	\$50,000
School Athletic Equipment, Uniforms, Similar and Related Equipment and Accessories	\$50,000
School Musical Instruments, Similar and Related Equipment and Accessories	\$100,000
School Cameras, Projection Machines, Films, Similar and Related Equipment and Accessories	\$50,000
Dwellings Under Construction by Vocational Shop Classes	\$100,000
Scheduled Covered Property:	

Deductible

The Deductible amount is \$500 unless otherwise stated

Optional Coverage

Agreed Value – applicable only if indicated below:

Scheduled Covered Property:

Description:

Description:

Unless otherwise stated within the coverage form, coverage is afforded when an applicable limit is shown in the Schedule above.

Throughout this policy the words “you” and “your” refer to the Named Insured shown in the Declarations. The words “we”, “us”, and “our” refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **G. Definitions**.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

A. COVERAGE

We will pay for direct physical loss of or damage to Covered Property from any of the Covered Causes of Loss.

1. Covered Property, as used in this coverage form, means the following property when a limit is shown in the Schedule above:

a. School band uniforms, choir robes, similar and related property;

b. School athletic equipment, uniforms, similar and related equipment and accessories;

c. School musical instruments, similar and related equipment and accessories;

d. School cameras, projection machines, films, similar and related equipment and accessories;

e. “Dwellings under construction” by vocational shop classes; and

- f. Similar property of others that is in your care, custody or control.

2. Property Not Covered

Covered Property does not include contraband, or property in the course of illegal transportation or trade.

3. Covered Causes Of Loss

Covered Causes of Loss means Direct Physical Loss or Damage to Covered Property except those causes of loss listed in the Exclusions.

4. Additional Coverage – Collapse

The coverage provided under this Additional Coverage - Collapse applies only to an abrupt collapse as described and limited in Paragraphs a. through c.

- a. For the purpose of this Additional Coverage - Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
- b. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that contains Covered Property insured under this coverage form, if such collapse is caused by one or more of the following:
 - (1) Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - (2) Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - (3) Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation;
 - (4) Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (a) A cause of loss listed in Paragraph (1) or (2);

- (b) One or more of the following causes of loss: Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; all only as insured against in this coverage form;

- (c) Weight of people or personal property; or

- (d) Weight of rain that collects on a roof.

- c. This Additional Coverage - Collapse will not increase the Limits of Insurance provided in this coverage form.

5. Coverage Extension

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), we will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Extract “pollutants” from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$10,000 for debris removal expense,

for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

b. Preservation of Property

If it is necessary to move Covered Property to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$5,000 unless a higher limit is shown in the Schedule, for your liability for fire department service charge:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No deductible applies to this Coverage Extension.

The limit for this Coverage Extension is in addition to the Limit of Insurance.

d. Pollutant Cleanup and Removal

We will pay your expense to extract "pollutants" from land or water if the

discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Coverage Extension does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Coverage Extension is \$10,000 for the sum of all covered expenses arising out of Covered Causes of loss occurring during each separate 12-month period of this policy.

The limit for this Coverage Extension is in addition to the Limit of Insurance.

B. EXCLUSIONS

- 1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Governmental Action

Seizure or destruction of property by order of government authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread if the fire would be covered under this coverage form.

b. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination results in fire, we will pay for the direct loss or damage caused by that fire if the fire would be covered under this coverage form.

c. War and Military Action

- (1) War, including undeclared or civil war.
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

Exclusions **B.1.a.** through **B.1.c.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:
- a. Delay, loss of use, loss of market or any other consequential loss.
 - b. Dishonest or criminal act committed by:
 - (1) You, any of your partners, employees, directors, trustees, or authorized representatives;
 - (2) A manager or a member if you are a limited liability company;
 - (3) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (4) Anyone else to whom the property is entrusted for any purpose.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

This exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire or to acts of destruction by your employees. But theft by employees is not covered.

- c. Voluntary parting with any property by you or anyone entrusted with the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- d. Unexplained disappearance.
- e. Shortage found upon taking inventory.
- f. Marring, scratching; exposure to light; breakage of tubes, bulbs, lamps or articles made largely of glass (except lenses).
But we will pay for such loss or damage caused directly by fire, lightning, explosion, windstorm, vandalism, aircraft, rioters, strikers, theft or attempted theft, or by accident to the vehicle carrying the property if these causes of loss would be covered under this coverage form.
- g. Processing or work upon the property.

But if processing or work upon the property results in fire or explosion, we will pay for the direct loss or damage caused by that fire or explosion if the fire or

explosion would be covered under this coverage form.

- h. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology;

creating a short circuit or other electric disturbance within an article covered under this coverage form.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes, but is not limited to, electrical current, including arcing; electrical charge produced or conducted by a magnetic or electromagnetic field; pulse of electromagnetic energy; electromagnetic waves or microwaves.

But if artificially generated electrical, magnetic or electromagnetic energy, as described above, results in fire or explosion, we will pay for the direct loss or damage caused by that fire or explosion if the fire or explosion would be covered under this coverage form.

This exclusion only applies to loss or damage to that article in which the disturbance occurs.

3. We will not pay for loss or damage caused by or resulting from any of the following. But if loss or damage by a Covered Cause of Loss results, we will pay for the loss or damage caused by that Covered Cause of Loss.
- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.
 - b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.
 - c. Faulty, inadequate or defective:
 - (1) Planning, zoning, development, surveying, siting;
 - (2) Design, construction, specifications, workmanship, repair, renovation, remodeling, grading, compaction;
 - (3) Materials used in repair, construction, renovation or remodeling; or
 - (4) Maintenance;

of part or all of any property wherever located.

- d. Collapse, including any of the following conditions of property or any part of the property:

- (1) An abrupt falling down or caving in;
- (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinking or expansion as such condition relates to Paragraph (1) or (2).

This exclusion d. does not apply to the extent that coverage is provided under the Additional Coverage - Collapse or to collapse caused by one or more of the following: Fire; lightning; windstorm; hail; explosion; smoke; aircraft; vehicles; riot; civil commotion; vandalism; leakage from fire extinguishing equipment; sinkhole collapse; volcanic action; breakage of building glass; falling objects; weight of snow, ice or sleet; water damage; weight of people or personal property; weight of rain that collects on a roof.

- e. Wear and tear, any quality in the property that causes it to damage or destroy itself, hidden or latent defect, gradual deterioration, depreciation; mechanical breakdown; insects, vermin, rodents; corrosion, rust, dampness, cold or heat.

C. LIMITS OF INSURANCE

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Schedule.

D. DEDUCTIBLE

We will not pay for loss or damage in any one occurrence until the amount of the adjusted loss or damage before applying the applicable Limits of Insurance exceeds the Deductible shown in the Schedule. We will then pay the amount of the adjusted loss or damage in excess of the Deductible, up to the applicable Limit of Insurance.

E. ADDITIONAL CONDITIONS

1. The following conditions apply in addition to the Commercial Inland Marine Conditions and the Common Policy Conditions:

a. Coverage Territory

We cover property wherever located within:

- (1) The United States of America (including its territories and possessions);
- (2) Puerto Rico; and
- (3) Canada.

b. Coinsurance

All covered property must be insured for at least 100% of its total value as of the time of loss.

We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown above is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

2. Valuation

General Condition F. **Valuation** in the Commercial Inland Marine Conditions is deleted and replaced by the following:

We will determine the value of Covered Property in the event of loss or damage as follows:

Replacement Cost (without deduction for depreciation).

- a. We will not pay more for loss or damage on a replacement cost basis than the lesser of:
 - (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or

- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.
- b. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

3. Pair Or Sets

Loss Condition **G. Pair, Sets or Parts** in the Commercial Inland Marine Conditions is replaced by the following:

Pair or Sets

- a. In case of loss or damage to any part of a pair or set we may:
 - (1) Repair or replace any part to restore the pair or set to its value before the loss or damage; or
 - (2) Pay the difference between the value of the pair or set before and after the loss or damage.
- b. In case of loss or damage to any part of a pair or set that is individually listed and described in the Schedule, we may:
 - (1) Pay the full Limit of Insurance shown in the Schedule for the pair or set;
 - (2) Repair or replace any part to restore the pair or set to its value before the loss or damage; or
 - (3) Pay the difference between the value of the pair or set before and after the loss or damage.

If we pay the full Limit of Insurance, you will surrender to us the remaining items of the pair or set.

F. OPTIONAL COVERAGE

If shown as applicable in the Schedule, the following Optional Coverage applies:

Agreed Value

The Additional Condition **1. b. Coinsurance** does not apply to Covered Property shown in Schedule to which this Optional Coverage applies.

We will pay no more for loss of or damage to that property than the Agreed Value shown in the Schedule.

G. DEFINITIONS

- 1. "Dwellings under construction" includes:

- a. Building materials and supplies which will or have become a permanent part of a dwelling.
 - b. Temporary structures, meaning scaffolding, construction forms and other temporary structures used for the construction project.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

AMENDATORY ENDORSEMENT INDIANA

1. The following addition amends any exclusion, limitation, or other provision relating to "pollutants":

Pollutants -- Any exclusion, limitation, or other provision relating to "pollutants" or any amendment to or replacement of such exclusion, limitation, or other provisions, applies whether or not the irritant or contaminant is used at or in "your" business, operations, premises, site, or location.

2. Under What Must Be Done In Case Of Loss, Notice is amended to include the following:

Notice given by "you" or on "your" behalf to "our" authorized agent is considered notice to "us". Sufficient details must be provided to enable "us" to properly identify "you". However, such notice does not change or waive any other "terms" of this policy.

Forms Applicable To This Policy:

<u>Form Number</u>	<u>Form Edition</u>	<u>Description</u>
401-1126	01/08	Notice - Rejection Of Terrorism Coverage Notice - Disclosure Of Premium
473-0016	10/05	Exclusion - Lead Poisoning Liability
473-0023	10/05	Asbestos Liability Exclusion
473-0025	02/11	Punitive Damages Exclusion
473-0029	10/05	Commercial Umbrella Exclusion - Limited Underlying Coverage
473-0032	10/05	Trampoline or Rebounding Device Exclusion
473-0040	10/05	Omnibus Endorsement
473-0054	12/05	Professional Liability Amendment of Coverage
473-0055	12/05	Exclusion - Law Enforcement Professional Liability
473-0058	02/11	School And Educators Legal Liability Follow Form Coverage Part
473-0059	12/05	School Amendatory Endorsement
473-0066	12/05	Exclusion - Underlying Additional Defense Coverage
473-0068	12/05	Limits of Insurance Amendment
473-1075	09/08	Innocent Party Coverage Exclusion
473-1364	02/11	Sexual Misconduct Or Sexual Molestation Liability Follow-Form Coverage End
473-1551	02/11	Excess Educational Institution Limited Pollution Liability For Curriculum Or Prog End
473-1554	02/11	Excess Broadened Bodily Injury And Property Damage For Educational Institutions
473-1555	02/11	Excess Incidental Professional Liability Coverage For Schools End
473-1569	02/11	Exclusion - Eminent Domain, Inverse Condemnation, Adverse Possession
473-1570	02/11	Exclusion - Tax Assessment
473-1571	02/11	Exclusion - Law Enforcement Professional Liability
473-1576	02/11	Recording And Distribution of Material Or Information In Violation of Law Exclusion
473-1591	02 11	Educational Institution Employment Practices Liability
473-1594	02/11	Educational Institution EPL Follow Form Coverage Endorsement (Defense Outside Limits)

Forms Applicable To This Policy:

<u>Form Number</u>	<u>Form Edition</u>	<u>Description</u>
473-1599	02/11	IN Amendatory Endorsement
CU 00 01	12/07	Commercial Liability Umbrella Coverage Form
CU 00 04	05/09	Recording and Distribution of material or information in violation of Law Exclusion
CU 01 39	03/08	Indiana Changes
CU 04 03	12/07	Employee Benefits Liability Coverage
CU 21 18	09/00	Exclusion - Year 2000 Computer-Related And Other Electronic Problems
CU 21 23	02/02	Nuclear Energy Liability Exclusion Endorsement
CU 21 25	12/01	Total Pollution Exclusion Endorsement
CU 21 27	12/04	Fungi Or Bacteria Exclusion
CU 21 33	01/08	Exclusion Of Certified Acts Of Terrorism
CU 21 50	03/05	Silica or Silica-Related Dust Exclusion
CU 21 55	06/08	Amended Terrorism Coverage - Covered Autos
CU 21 57	03/08	Indiana Changes - Pollution Exclusion
IL 00 17	11/98	Common Policy Conditions
IL 02 72	09/07	Indiana Changes - Cancellation and Nonrenewal
SIG0001	06/05	Signature Page- Hanover



CHRISTEL HOUSE ACADEMY

UHW 8802297 02

GREGORY & APPEL, INC.

Forms To Be Attached To This Policy Manually:

<u>Form Number</u>	<u>Edition Date</u>	<u>Description</u>
* 473-1591	02 11	Educational Institution Employment Practices Liability

SCHEDULE A – SCHEDULE OF UNDERLYING POLICIES



Insured: CHRISTEL HOUSE ACADEMY
Effective on and after 07/01/2012 12:01 A.M. Standard Time
This Schedule is part of Policy Number: UHW 8802297 02

CARRIER, POLICY NUMBER & PERIOD	TYPE OF POLICY	APPLICABLE LIMITS OR AMOUNT OF INSURANCE	
(a) Carrier: CITIZENS INSURANCE COMPANY OF AMERICA Policy Number: Z7W 8801337 02 Policy Period: 07/01/2012 TO 07/01/2013	Commercial General Liability <input type="checkbox"/> Per Location <input type="checkbox"/> Per Project <input type="checkbox"/> Owned Autos <input type="checkbox"/> Non-owned & Hired Autos	\$1,000,000 \$1,000,000 \$2,000,000 Incl in Gen Agg	Each Occurrence Personal & Advertising Injury General Aggregate Product/Completed Operations Aggregate
(b) Carrier: CITIZENS INSURANCE COMPANY OF AMERICA Policy Number: Z7W 8801337 02 Policy Period: 07/01/2012 TO 07/01/2013	Comprehensive Automobile Liability including <input type="checkbox"/> Owned Automobiles <input checked="" type="checkbox"/> Non-Owned & Hired	Bodily Injury and Property Damage Liability Combined \$1,000,000 Bodily Injury \$ \$ Property Damage \$	Each Accident Each Person Each Accident Each Accident
(c) Carrier: Policy Number: Policy Period:	Garage Liability <input type="checkbox"/> Dealers <input type="checkbox"/> Service	Bodily Injury and Property Damage Liability Combined Each Accident Garage Operations \$ \$ \$ Garage Operations \$	Auto Only Other than Auto Only Aggregate Other than Auto Only
(d) Carrier: ACCIDENT FUND INSURANCE CO OF AMERICA Policy Number: WCV 6062359 Policy Period: 01/01/2012 TO 01/01/2013	Standard Workers' Compensation & Employers' Liability	Coverage B – Employers Liability	
		Bodily Injury by Accident \$1,000,000 Bodily Injury by Disease \$1,000,000 \$1,000,000	Each Accident Each Employee Aggregate
(e) Carrier: Policy Number: Policy Period:	Liquor Liability <input type="checkbox"/> Per Location	\$ \$ \$ \$	Each Common Cause Other Aggregate Other
(f) Carrier: CITIZENS INSURANCE COMPANY OF AMERICA Policy Number: Z7W 8801337 02 Policy Period: 07/01/2012 TO 07/01/2013	Professional Liability School Board	\$ \$1,000,000 \$ \$1,000,000 \$	Each Occurrence Each Claim Other Aggregate Other
(g) Carrier:	Watercraft Liability		

An "X" marked in the box provided indicates these broadening or optional coverage are provided in the Underlying Insurance

Policy Number: Policy Period:			
(h) Carrier: Policy Number: Policy Period:	Directors & Officers Liability	\$ \$ \$ \$ \$	Each Occurrence Each Claim Other Aggregate Other
(i) Carrier: Policy Number: Policy Period:	Stop Gap Liability		Bodily Injury by Accident \$ Each Accident Bodily Injury by Disease \$ Each Employee \$ Aggregate
(j) Carrier: CITIZENS INSURANCE COMPANY OF AMERICA Policy Number: Z7W 8801337 02 Policy Period: 07/01/2012 TO 07/01/2013	Other Employee Benefits Liability	\$1,000,000 \$3,000,000	Each Claim Aggregate
(j) Carrier: CITIZENS INSURANCE COMPANY OF AMERICA Policy Number: Z7W 8801337 02 Policy Period: 07/01/2012 TO 07/01/2013	Other Abuse and Molestation Schools	\$1,000,000 \$1,000,000	Each Occurrence Aggregate

An "X" marked in the box provided indicates these broadening or optional coverage are provided in the Underlying Insurance

Countersigned By: _____
Authorized Representative of the Company

Date: _____

THE ONLY SIGNATURES APPLICABLE TO THIS POLICY ARE THOSE REPRESENTING THE COMPANY NAMED ON THE FIRST PAGE OF THE DECLARATIONS.

We have caused this policy to be signed by our President and Secretary and countersigned on the declarations page, where required, by a duly authorized agent of the company.

The Hanover Insurance Company
440 Lincoln Street
Worcester, Massachusetts 01653

Charles F. Cronin
Secretary

Marita Zuraitis
President

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT, AS AMENDED. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THIS POLICY.

Policy Number: UHW 8802297 02

**NOTICE – REJECTION OF TERRORISM COVERAGE
NOTICE - DISCLOSURE OF PREMIUM**

In accordance with the Terrorism Risk Insurance Act of 2002 (“Act”), as amended, we have offered you coverage for losses resulting from acts of terrorism, as defined in the Act. You are hereby notified that under the Act, as amended in 2007, the definition of act of terrorism has changed. The term “act of terrorism” means any act that is certified by the Secretary of the Treasury—in concurrence with the Secretary of State, and the Attorney General of the United States—to be an act of terrorism; to be a violent act or an act that is dangerous to human life, property, or infrastructure; to have resulted in damage within the United States, or outside the United States in the case of certain air carriers or vessels or the premises of a United States mission; and to have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

The Act establishes a program within the Department of the Treasury, under which the federal government shares, with the insurance industry, the risk of loss from future terrorist attacks. The Act applies when the Secretary of the Treasury certifies that an event meets the definition of an act of terrorism.

Note for Commercial Property or Commercial Inland Marine Policyholders in Standard Fire States:

In your state, a terrorism exclusion makes an exception for (and thereby provides coverage for) fire losses resulting from an act of terrorism. Therefore, if you reject the offer of terrorism coverage, that rejection does not apply to fire losses resulting from an act of terrorism. Coverage for such fire losses will be provided in your policy. The additional premium just for such fire coverage is due and stated in the DISCLOSURE OF PREMIUM/Fire Following Premium below.

REJECTION STATEMENT

You have rejected the offer of terrorism coverage. You understand that an **exclusion** for certain terrorism losses will be made part of your policy.

DISCLOSURE OF PREMIUM

Total Terrorism Premium \$
Fire Following Premium \$
Other than Fire Following Premium \$

DISCLOSURE OF FEDERAL PARTICIPATION IN PAYMENT OF TERRORISM LOSSES

If you purchased terrorism coverage, any losses resulting from certified acts of terrorism may be partially reimbursed by the United States Government under a formula established by the Act. Your policy, however, may contain other exclusions which might affect your coverage, such as an exclusion for nuclear events. Under the formula, the United States Government generally reimburses 85% of covered terrorism losses exceeding the statutorily established deductible paid by the insurance company providing the coverage.

DISCLOSURE OF \$100 BILLION CAP

The Terrorism Risk Insurance Act, as amended, contains a \$100 billion cap that limits U.S. Government reimbursement as well as insurers’ liability for losses resulting from certified acts of terrorism when the amount of such losses exceeds \$100 billion in any one calendar year. If the aggregate insured losses for all insurers exceed \$100 billion, your coverage may be reduced.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

SCHOOL AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

- A.** The following exclusion is added to Paragraph **2., Exclusions** of **Section I- Coverage A- Bodily Injury And Property Damage Liability** and Paragraph **2., Exclusions** of **Section I-Coverage B-Personal And Advertising Injury Liability**:

1. Athletic or Sports Participants

This insurance does not apply to "bodily injury" to any person while practicing for or participating in any sports or athletic contest or exhibition that you sponsor.

Exception:

This exclusion does not apply if valid "underlying insurance" for the exclusions described above exists or would have existed but for the exhaustion of the underlying limits of such "underlying insurance." Coverage provided will follow the provisions, exclusions, conditions and limitations of the "underlying insurance", unless otherwise directed by this insurance.

This exception is subject to **Section IV-Condition 13. Maintenance of Underlying Insurance.**

2. Corporal Punishment

To "bodily injury", "property damage", or "personal and advertising injury", to your student arising out of any corporal punishment administered by or at the direction of any insured.

Exception:

This exclusion does not apply if valid "underlying insurance" for the exclusions described above exists or would have existed but for the exhaustion of the underlying limits of such "underlying insurance." Coverage provided will follow the provisions, exclusions, conditions and limitations of the "underlying insurance."

This exception is subject to **Section IV-Condition 13. Maintenance of Underlying Insurance.**

3. Transportation of Students Limitation

To "bodily injury" or "property damage" arising out of the ownership, maintenance, operation, use, "loading or unloading" or entrustment to others of any "auto" or watercraft that is owned, operated or hired by, or loaned to, an insured. For the purpose of this exclusion, the word hired includes any contract to furnish transportation of your students to and from school.

This exclusion applies:

- (i)** Even if the claims against the insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring

of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, operation, use, "loading or unloading" or entrustment to others of any "auto" or watercraft that is owned, operated or hired by, or loaned to any insured; and

- (ii) Only with respect to the transportation of students.

Exception:

This exclusion does not apply if valid "underlying insurance" for the exclusions described above exists or would have existed but for the exhaustion of the underlying limits of such "underlying insurance." Coverage provided will follow the provisions, exclusions, conditions and limitations of the "underlying insurance."

This exception is subject to **Section IV-Condition 13. Maintenance of Underlying Insurance.**

B. School Broadcasting and Publication – Personal and Advertising Injury Liability Extension

1. Under **Coverage B – Personal and Advertising Injury Liability** paragraph **2. Exclusions** provision **(10) (a)** does not apply within the scope of your activities as a school.

C. Under Section V – Definitions, definition 22. is replaced by the following:

- 22.** "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions. "Temporary worker" does not include a substitute teacher.

D. AMENDMENT TO NAMED INSURED

1. SECTION II - WHO IS AN INSURED is amended to include as an insured:

- a.** Any of the following but only with respect to their duties in connection with the positions described below:
- (1)** Any of your trustees or members of your Board of Governors if you are a private charitable or educational institution;
 - (2)** Any of your board members or commissioners if you are a public board or commission; or
 - (3)** Any student teachers teaching as part of their educational requirements.
- b.** Each of the following organizations and their members, if they have been specifically authorized by you, and only with respect to their use of your premises and their activities elsewhere that are within the scope of the authorized purpose of such organization:
- (1)** Parent support groups; and
 - (2)** Student groups.

**THIS ENDORSEMENT CHANGES THE POLICY.
PLEASE READ IT CAREFULLY**

EXCLUSION-UNDERLYING ADDITIONAL DEFENSE COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

The following exclusion is added to Paragraph 2., **Exclusions of Section I-Coverage A-Bodily Injury And Property Damage Liability** and Paragraph 2., **Exclusions of Section I-Coverage B-Personal And Advertising Injury Liability**:

This insurance does not apply to any Additional Defense Coverage for defending "suits" or hearings for which a specified aggregate defense limit of coverage is provided by any "underlying insurance", or would be provided but for an applicable exclusion or breach of a condition of such "underlying insurance."

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LIMITS OF INSURANCE AMENDMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

Paragraph **2.** of **Section III - Limits of Insurance** is replaced with the following:

- 2.** The Aggregate Limit is the most we will pay for the sum of all "ultimate net loss" under:
- a.** Coverage **A**, except "ultimate net loss" because of "bodily injury" or "property damage":
 - (1)** Arising out of the ownership, maintenance or use of a "covered auto"; or
 - (2)** Included in the "products-completed operations hazard"; and
 - b.** Coverage **B**; and
 - c.** "Wrongful acts", if School and Educators Legal Liability Coverage is provided in the schedule of "underlying insurance"; and
 - d.** "Law enforcement wrongful acts" if Law Enforcement Professional Legal Liability Coverage is provided in the schedule of "underlying insurance".

For the purposes of this endorsement, the following definitions are added:

"Law enforcement wrongful act" means:

- a.** Any breach of duty, neglect, error, omission, misstatement, or misleading statement committed by an insured while acting within the scope of their "law enforcement activities" for the "educational institution"; and
- b.** Any allegations of negligence or wrongdoing in the supervision, hiring, employment, training, or monitoring of a person whose conduct is included in **a.** above.

However, "law enforcement wrongful act" does not include any act, breach of duty, neglect, error, omission, misstatement, or misleading statement in connection with the protection of any computer or information system from internal or external interference.

"Law Enforcement Activities" mean activities, services, advice or instruction that are within the scope of the authorized duties of the "educational institution's" law enforcement or security guard personnel.

"Educational Institution" means the school district or other educational institution named in the Declarations of this Coverage Part as legally constituted at the beginning of the "policy period".

"Wrongful act" means any breach of duty, neglect, error, omission, misstatement, or misleading statement committed by an insured:

- a.** In the lawful discharge of the duties that are characteristic of, distinctive or inherent to the operation and functioning of an educational institution; and
- b.** While acting within the course and scope of their duties for the Named Insured.

**COMMERCIAL LIABILITY UMBRELLA
CU 01 39 03 08**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

Changes In Conditions

1. Paragraph **7.d.** of the **Representations Or Fraud** provision of **Section IV – Conditions** is replaced by the following:

- d.** We will not pay for any loss or damage in any case of fraud committed by an insured at any time and relating to a claim under this policy.

2. The following condition is added:

Notice given by or on behalf of the insured to any of our authorized agents in Indiana, with particulars sufficient to identify the insured, shall be considered to be notice to us.

**COMMERCIAL LIABILITY UMBRELLA
CU 00 01 12 07**

COMMERCIAL LIABILITY UMBRELLA COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERAGES

COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay on behalf of the insured the "ultimate net loss" in excess of the "retained limit" because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking damages for such "bodily injury" or "property damage" when the "underlying insurance" does not provide coverage or the limits of "underlying insurance" have been exhausted. When we have no duty to defend, we will have the right to defend, or to participate in the defense of, the insured against any other "suit" seeking damages to which this insurance may apply. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. At our discretion, we may investigate any "occurrence" that may involve this insurance and settle any resultant claim or "suit", for which we have the duty to defend. But:

- (1) The amount we will pay for the "ultimate net loss" is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

- b. This insurance applies to "bodily injury" and "property damage" only if:
 - (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
 - (2) The "bodily injury" or "property damage" occurs during the policy period; and
 - (3) Prior to the policy period, no insured listed under Paragraph 1.a. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1.a. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.
- d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1.a. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
 - (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or

(3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

(1) That the insured would have in the absence of the contract or agreement; or

(2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:

(a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and

(b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

(1) Causing or contributing to the intoxication of any person;

(2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or

(3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

This exclusion does not apply to the extent that valid "underlying insurance" for the liquor liability risks described above exists or would have existed but for the exhaustion of underlying limits for "bodily injury" and "property damage". Coverage provided will follow the provisions, exclusions and limitations of the "underlying insurance" unless otherwise directed by this insurance.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. E.R.I.S.A.

Any obligation of the insured under the Employees' Retirement Income Security Act (E.R.I.S.A.), and any amendments thereto or any similar federal, state or local statute.

f. Auto Coverages

(1) "Bodily injury" or "property damage" arising out of the ownership, maintenance or use of any "auto" which is not a "covered auto"; or

(2) Any loss, cost or expense payable under or resulting from any first party physical damage coverage; no-fault law; personal injury protection or auto medical payments coverage; or uninsured or underinsured motorist law.

g. Employer's Liability

"Bodily injury" to:

(1) An "employee" of the insured arising out of and in the course of:

(a) Employment by the insured; or

(b) Performing duties related to the conduct of the insured's business; or

(2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

With respect to injury arising out of a "covered auto", this exclusion does not apply to "bodily injury" to domestic "employees" not entitled to workers' compensation benefits. For the purposes of this insurance, a domestic "employee" is a person engaged in household or domestic work performed principally in connection with a residence premises.

This exclusion does not apply to the extent that valid "underlying insurance" for the employer's liability risks described above exists or would have existed but for the exhaustion of underlying limits for "bodily injury". Coverage provided will follow the provisions, exclusions and limitations of the "underlying insurance" unless otherwise directed by this insurance.

h. Employment-Related Practices

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b), or (c) above is directed.

This exclusion applies whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person.

This exclusion applies whether the insured may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

i. Pollution

- (1) "Bodily injury" or "property damage" which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time; or
- (2) "Pollution cost or expense".

This exclusion does not apply if valid "underlying insurance" for the pollution liability risks described above exists or would have existed but for the exhaustion of underlying limits for "bodily injury" and "property damage". Coverage provided will follow the provisions, exclusions and limitations of the "underlying insurance".

j. Aircraft Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 50 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft.
- (4) The extent that valid "underlying insurance" for the aircraft or watercraft liability risks described above exists or would have existed but for the exhaustion of underlying limits for "bodily injury" or "property damage". Coverage provided will follow the provisions, exclusions and limitations of the "underlying insurance" unless otherwise directed by this insurance; or

- (5) Aircraft that is:
- (a) Chartered by, loaned to, or hired by you with a paid crew; and
 - (b) Not owned by any insured.

k. Racing Activities

"Bodily injury" or "property damage" arising out of the use of "mobile equipment" or "autos" in, or while in practice for, or while being prepared for, any prearranged professional or organized racing, speed, demolition, or stunting activity or contest.

l. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

m. Damage To Property

"Property damage" to:

- (1) Property:
 - (a) You own, rent, or occupy including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property; or
 - (b) Owned or transported by the insured and arising out of the ownership, maintenance or use of a "covered auto".
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;
- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or

- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (1)(b), (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraphs (3) and (4) of this exclusion do not apply to liability assumed under a written Trailer Interchange agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

n. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

o. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

p. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

q. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";

(2) "Your work"; or

(3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

r. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

s. Professional Services

"Bodily injury" or "property damage" due to rendering or failure to render any professional service. This includes but is not limited to:

- (1) Legal, accounting or advertising services;
- (2) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications by any architect, engineer or surveyor performing services on a project on which you serve as construction manager;
- (3) Inspection, supervision, quality control, architectural or engineering activities done by or for you on a project on which you serve as construction manager;
- (4) Engineering services, including related supervisory or inspection services;
- (5) Medical, surgical, dental, x-ray or nursing services treatment, advice or instruction;
- (6) Any health or therapeutic service treatment, advice or instruction;
- (7) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement, or personal grooming or therapy;
- (8) Any service, treatment, advice or instruction relating to physical fitness, including service, treatment, advice or instruction in connection with diet, cardio-vascular fitness, body building or physical training programs;
- (9) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

(10) Body piercing services;

(11) Services in the practice of pharmacy; but this exclusion does not apply if you are a retail druggist or your operations are those of a retail drugstore;

(12) Law enforcement or firefighting services; and

(13) Handling, embalming, disposal, burial, cremation or disinterment of dead bodies.

t. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access or inability to manipulate electronic data.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

This exclusion does not apply if valid "underlying insurance" for the electronic data risks described above exists or would have existed but for the exhaustion of underlying limits for "bodily injury" and "property damage". Coverage provided will follow the provisions, exclusions and limitations of the "underlying insurance", unless otherwise directed by this insurance.

u. Distribution Of Material In Violation Of Statutes

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

COVERAGE B – PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

- a. We will pay on behalf of the insured the "ultimate net loss" in excess of the "retained limit" because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking damages for such "personal and advertising injury" when the "underlying insurance" does not provide coverage or the limits of "underlying insurance" have been exhausted. When we have no duty to defend, we will have the right to defend, or to participate in the defense of, the insured against any other "suit" seeking damages to which this insurance may apply. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. At our discretion, we may investigate any offense that may involve this insurance and settle any resultant claim or "suit", for which we have the duty to defend. But:

- (1) The amount we will pay for the "ultimate net loss" is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

- b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

- a. "Personal and advertising injury":

- (1) **Knowing Violation Of Rights Of Another**
Caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".
- (2) **Material Published With Knowledge Of Falsity**
Arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

(3) Material Published Prior To Policy Period

Arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

(4) Criminal Acts

Arising out of a criminal act committed by or at the direction of the insured.

(5) Contractual Liability

For which the insured has assumed liability in a contract or agreement. This exclusion does not apply to:

- (a) Liability for damages that the insured would have in the absence of the contract or agreement.
- (b) Liability for false arrest, detention or imprisonment assumed in a contract or agreement.

(6) Breach Of Contract

Arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

(7) Quality Or Performance Of Goods – Failure To Conform To Statements

Arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

(8) Wrong Description Of Prices

Arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

(9) Infringement Of Copyright, Patent, Trademark Or Trade Secret

Arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

(10) Insureds In Media And Internet Type Businesses

Committed by an insured whose business is:

- (a) Advertising, broadcasting, publishing or telecasting;
- (b) Designing or determining content of websites for others; or

- (c) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

(11) Electronic Chatrooms Or Bulletin Boards

Arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

(12) Unauthorized Use Of Another's Name Or Product

Arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

(13) Pollution

Arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

(14) Employment-Related Practices

To:

- (a) A person arising out of any:
- (i) Refusal to employ that person;
 - (ii) Termination of that person's employment; or
 - (iii) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (b) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs **(i)**, **(ii)** or **(iii)** above is directed.

This exclusion applies whether the injury-causing event described in Paragraphs **(i)**, **(ii)** or **(iii)** above occurs before employment, during employment or after employment of that person.

This exclusion applies whether the insured may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

(15) Professional Services

Arising out of the rendering or failure to render any professional service. This includes but is not limited to:

- (a) Legal, accounting or advertising services;
- (b) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications by any architect, engineer or surveyor performing services on a project on which you serve as construction manager;
- (c) Inspection, supervision, quality control, architectural or engineering activities done by or for you on a project on which you serve as construction manager.
- (d) Engineering services, including related supervisory or inspection services;
- (e) Medical, surgical, dental, x-ray or nursing services treatment, advice or instruction;
- (f) Any health or therapeutic service treatment, advice or instruction;
- (g) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement, or personal grooming or therapy;
- (h) Any service, treatment, advice or instruction relating to physical fitness, including service, treatment, advice or instruction in connection with diet, cardiovascular fitness, body building or physical training programs;
- i) Optometry or optical or hearing aid services including the prescribing, preparation, fitting, demonstration or distribution of ophthalmic lenses and similar products or hearing aid devices;

- (j) Body piercing services;
- (k) Services in the practice of pharmacy; but this exclusion does not apply if you are a retail druggist or your operations are those of a retail drugstore;
- (l) Law enforcement or firefighting services; and
- (m) Handling, embalming, disposal, burial, cremation or disinterment of dead bodies.

(16) War

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (a) War, including undeclared or civil war;
- (b) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (c) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

(17) Distribution Of Material In Violation Of Statutes

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (a) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- (b) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (c) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

- b. "Pollution cost or expense".

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend, when the duty to defend exists:
 - a. All expenses we incur.
 - b. Up to \$2000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "occurrence" we cover. We do not have to furnish these bonds.

- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.
- f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.
- g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. When we have the right but not the duty to defend the insured and elect to participate in the defense, we will pay our own expenses but will not contribute to the expenses of the insured or the "underlying insurer".
3. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:
 - a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
 - b. This insurance applies to such liability assumed by the insured;
 - c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
 - d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
 - e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and

f. The indemnitee:

- (1) Agrees in writing to:
 - (a) Cooperate with us in the investigation, settlement or defense of the "suit";
 - (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
 - (c) Notify any other insurer whose coverage is available to the indemnitee; and
 - (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and
- (2) Provides us with written authorization to:
 - (a) Obtain records and other information related to the "suit"; and
 - (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I – Coverage A – Bodily Injury And Property Damage Liability**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

SECTION II – WHO IS AN INSURED

1. Except for liability arising out of the ownership, maintenance or use of "covered autos":
 - a. If you are designated in the Declarations as:
 - (1) An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - (2) A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.

- (3) A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
- (4) An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
- (5) A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.

b. Each of the following is also an insured:

- (1) Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
 - (a) "Bodily injury" or "personal and advertising injury":
 - (i) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" in the course of his or her employment or performing duties related to the conduct of your business or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (ii) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph **(a)(i)** above; or
 - (iii) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **(a)(i)** or **(ii)** above.

- (b) "Property damage" to property:
- (i) Owned, occupied or used by,
 - (ii) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by
 - you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).
- (2) Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
- (3) Any person or organization having proper temporary custody of your property if you die, but only:
- (a) With respect to liability arising out of the maintenance or use of that property; and
 - (b) Until your legal representative has been appointed.
- (4) Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
- c. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- (1) Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - (2) Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - (3) Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.
2. Only with respect to liability arising out of the ownership, maintenance or use of "covered autos":
- a. You are an insured.
 - b. Anyone else while using with your permission a "covered auto" you own, hire or borrow is also an insured except:
 - (1) The owner or anyone else from whom you hire or borrow a "covered auto". This exception does not apply if the "covered auto" is a trailer or semitrailer connected to a "covered auto" you own.
 - (2) Your "employee" if the "covered auto" is owned by that "employee" or a member of his or her household.
 - (3) Someone using a "covered auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.
 - (4) Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company), or a lessee or borrower or any of their "employees", while moving property to or from a "covered auto".
 - (5) A partner (if you are a partnership), or a member (if you are a limited liability company) for a "covered auto" owned by him or her or a member of his or her household.
 - (6) "Employees" with respect to "bodily injury" to any fellow "employee" of the insured arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business.
 - c. Anyone liable for the conduct of an insured described above is also an insured, but only to the extent of that liability.
3. Any additional insured under any policy of "underlying insurance" will automatically be an insured under this insurance.
- If coverage provided to the additional insured is required by a contract or agreement, the most we will pay on behalf of the additional insured is the amount of insurance required by the contract, less any amounts payable by any "underlying insurance".
- Additional insured coverage provided by this insurance will not be broader than coverage provided by the "underlying insurance".
- No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made, "suits" brought, or number of vehicles involved; or
 - c. Persons or organizations making claims or bringing "suits".
2. The Aggregate Limit is the most we will pay for the sum of all "ultimate net loss" under:
 - a. Coverage **A**, except "ultimate net loss" because of "bodily injury" or "property damage" arising out of the ownership, maintenance or use of a "covered auto"; and
 - b. Coverage **B**.
3. Subject to Paragraph 2. above, the Each Occurrence Limit is the most we will pay for the sum of all "ultimate net loss" under Coverage **A** because of all "bodily injury" and "property damage" arising out of any one "occurrence".
4. Subject to Paragraph 2. above, the Personal and Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all "ultimate net loss" because of all "personal and advertising injury" sustained by any one person or organization.
5. If there is "underlying insurance" with a policy period that is non-concurrent with the policy period of this Commercial Liability Umbrella Coverage Part, the "retained limit(s)" will only be reduced or exhausted by payments for:
 - a. "Bodily injury" or "property damage" which occurs during the policy period of this Coverage Part; or
 - b. "Personal and advertising injury" for offenses that are committed during the policy period of this Coverage Part.

However, if any "underlying insurance" is written on a claims-made basis, the "retained limit(s)" will only be reduced or exhausted by claims for that insurance that are made during the policy period, or any Extended Reporting Period, of this Coverage Part.

The Aggregate Limit, as described in Paragraph 2. above, applies separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – CONDITIONS**1. Appeals**

If the "underlying insurer" or insured elects not to appeal a judgment in excess of the "retained limit", we may do so at our own expense. We will be liable for taxable costs, pre- and postjudgment interest and disbursements.

2. Bankruptcy**a. Bankruptcy Of Insured**

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

b. Bankruptcy Of Underlying Insurer

Bankruptcy of the "underlying insurer" will not relieve us of our obligations under this Coverage Part.

However, this insurance will not replace the "underlying insurance" in the event of bankruptcy or insolvency of the "underlying insurer". This insurance will apply as if the "underlying insurance" were in full effect.

3. Duties In The Event Of Occurrence, Offense, Claim Or Suit

- a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense, regardless of the amount, which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and
 - (3) The nature and location of any injury or damage arising out of the "occurrence" or offense.
- b. If a claim is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the claim or "suit" and the date received; and
 - (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";
 - (2) Authorize us to obtain records and other information;

- (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and
- (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

4. Legal Action Against Us

No person or organization has a right under this Coverage Part:

- a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
- b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

5. Other Insurance

- a. This insurance is excess over, and shall not contribute with any of the other insurance, whether primary, excess, contingent or on any other basis. This condition will not apply to insurance specifically written as excess over this Coverage Part.

When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

- b. When this insurance is excess over other insurance, we will pay only our share of the "ultimate net loss" that exceeds the sum of:
 - (1) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and
 - (2) The total of all deductible and self-insured amounts under all that other insurance.

6. Premium Audit

- a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.
- b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.
- c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

7. Representations Or Fraud

By accepting this policy, you agree:

- a. The statements in the Declarations are accurate and complete;
- b. Those statements are based upon representations you made to us;
- c. We have issued this policy in reliance upon your representations; and
- d. This policy is void in any case of fraud by you as it relates to this policy or any claim under this policy.

8. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

- a. As if each Named Insured were the only Named Insured; and
- b. Separately to each insured against whom claim is made or "suit" is brought.

9. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

10. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

11. Loss Payable

Liability under this Coverage Part shall not apply unless and until the insured or insured's "underlying insurer" has become obligated to pay the "retained limit". Such obligation by the insured to pay part of the "ultimate net loss" shall have been previously determined by a final settlement or judgment after an actual trial or written agreement between the insured, claimant, and us.

12. Transfer Of Defense

When the underlying limits of insurance have been used up in the payment of judgments or settlements, the duty to defend will be transferred to us. We will cooperate in the transfer of control to us of any outstanding claims or "suits" seeking damages to which this insurance applies which would have been covered by the "underlying insurance" had the applicable limit not been used up.

13. Maintenance Of/Changes To Underlying Insurance

The "underlying insurance" listed in the Schedule of "underlying insurance" in the Declarations shall remain in full effect throughout the policy period except for reduction of the aggregate limit due to payment of claims, settlement or judgments.

Failure to maintain "underlying insurance" will not invalidate this insurance. However, this insurance will apply as if the "underlying insurance" were in full effect.

If there is an increase in the scope of coverage of any "underlying insurance" during the term of this policy, our liability will be no more than it would have been if there had been no such increase.

You must notify us as soon as practicable when any "underlying insurance" is no longer in effect or if the limits or scope of coverage of any "underlying insurance" is changed.

14. Expanded Coverage Territory

- a. If a "suit" is brought in a part of the "coverage territory" that is outside the United States of America (including its territories and possessions), Puerto Rico or Canada, and we are prevented by law, or otherwise, from defending the insured, the insured will initiate a defense of the "suit". We will reimburse the insured, under Supplementary Payments, for any reasonable and necessary expenses incurred for the defense of a "suit" seeking damages to which this insurance applies, that we would have paid had we been able to exercise our right and duty to defend.

If the insured becomes legally obligated to pay sums because of damages to which this insurance applies in a part of the "coverage territory" that is outside the United States of America (including its territories and possessions), Puerto Rico or Canada, and we are prevented by law, or otherwise, from paying such sums on the insured's behalf, we will reimburse the insured for such sums.

- b. All payments or reimbursements we make for damages because of judgments or settlements will be made in U.S. currency at the prevailing exchange rate at the time the insured became legally obligated to pay such sums. All payments or reimbursements we make for expenses under Supplementary Payments will be made in U.S. currency at the prevailing exchange rate at the time the expenses were incurred.
- c. Any disputes between you and us as to whether there is coverage under this policy must be filed in the courts of the United States of America (including its territories and possessions), Canada or Puerto Rico.
- d. The insured must fully maintain any coverage required by law, regulation or other governmental authority during the policy period, except for reduction of the aggregate limits due to payments of claims, judgments or settlements.

Failure to maintain such coverage required by law, regulation or other governmental authority will not invalidate this insurance. However, this insurance will apply as if the required coverage by law, regulation or other governmental authority was in full effect.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:
 - a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 - b. Regarding websites, only that part of a website that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.
2. "Auto" means:
 - a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or
 - b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".
3. "Bodily injury" means bodily injury, disability, sickness, or disease sustained by a person, including death resulting from any of these at any time. "Bodily injury" includes mental anguish or other mental injury resulting from "bodily injury".
4. "Coverage territory" means anywhere in the world with the exception of any country or jurisdiction which is subject to trade or other economic sanction or embargo by the United States of America.
5. "Covered auto" means only those "autos" to which "underlying insurance" applies.
6. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
7. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work", or your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:

- a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
- b. A sidetrack agreement;
- c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
- d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
- e. An elevator maintenance agreement;
- f. That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto". However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "auto" rented or leased by you or any of your "employees".
- g. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraphs **f.** and **g.** do not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
- (2) That pertains to the loan, lease or rental of an "auto" to you or any of your "employees", if the "auto" is loaned, leased or rented with a driver; or
- (3) That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a "covered auto" over a route or territory that person or organization is authorized to serve by public authority.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b.** While it is in or on an aircraft, watercraft or "auto"; or
- c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b.** Vehicles maintained for use solely on or next to premises you own or rent;
- c.** Vehicles that travel on crawler treads;
- d.** Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1)** Power cranes, shovels, loaders, diggers or drills; or
 - (2)** Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2)** Cherry pickers and similar devices used to raise or lower workers;
- f.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

- (a)** Snow removal;
- (b)** Road maintenance, but not construction or resurfacing; or
- (c)** Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a.** False arrest, detention or imprisonment;
- b.** Malicious prosecution;
- c.** The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d.** Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e.** Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f.** The use of another's advertising idea in your "advertisement"; or
- g.** Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

16. "Pollution cost or expense" means any loss, cost or expense arising out of any:

- a. Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- b. Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

17. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a) When all of the work called for in your contract has been completed.
 - (b) When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured; or
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

18. "Property damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
- b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

With respect to the ownership, maintenance or use of "covered autos", property damage also includes "pollution cost or expense", but only to the extent that coverage exists under the "underlying insurance" or would have existed but for the exhaustion of the underlying limits.

For the purposes of this insurance, with respect to other than the ownership, maintenance or use of "covered autos", electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

19. "Retained limit" means the available limits of "underlying insurance" scheduled in the Declarations or the "self-insured retention", whichever applies.

20. "Self-insured retention" means the dollar amount listed in the Declarations that will be paid by the insured before this insurance becomes applicable only with respect to "occurrences" or offenses not covered by the "underlying insurance". The "self-insured retention" does not apply to "occurrences" or offenses which would have been covered by "underlying insurance" but for the exhaustion of applicable limits.

21. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent or the "underlying insurer's" consent.

22. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

- 23.** "Ultimate net loss" means the total sum, after reduction for recoveries or salvages collectible, that the insured becomes legally obligated to pay as damages by reason of settlement or judgments or any arbitration or other alternate dispute method entered into with our consent or the "underlying insurer's" consent.
- 24.** "Underlying insurance" means any policies of insurance listed in the Declarations under the Schedule of "underlying insurance".
- 25.** "Underlying insurer" means any insurer who provides any policy of insurance listed in the Schedule of "underlying insurance".
- 26.** "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
- 27.** "Your product":
- a.** Means:
 - (1)** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a)** You;
 - (b)** Others trading under your name; or
 - (c)** A person or organization whose business or assets you have acquired; and
 - (2)** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.
 - b.** Includes:
 - (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and
 - (2)** The providing of or failure to provide warnings or instructions.
 - c.** Does not include vending machines or other property rented to or located for the use of others but not sold.
- 28.** "Your work":
- a.** Means:
 - (1)** Work or operations performed by you or on your behalf; and
 - (2)** Materials, parts or equipment furnished in connection with such work or operations.
 - b.** Includes:
 - (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and
 - (2)** The providing of or failure to provide warnings or instructions.

**COMMERCIAL LIABILITY UMBRELLA
CU 21 23 02 02**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

I. The insurance does not apply:

A. Under any Liability Coverage, to "bodily injury" or "property damage":

(1) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (a) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (b) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

B. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:

(1) The "nuclear material" (a) is at any "nuclear facility" owned by, or operated by or on behalf of, an insured or (b) has been discharged or dispersed therefrom;

(2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an insured; or

(3) The "bodily injury" or "property damage" arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this Exclusion (3) applies only to "property damage" to such "nuclear facility" and any property thereat.

II. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "Special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material (a) containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and (b) resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a) Any "nuclear reactor";
- (b) Any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing "spent fuel", or (3) handling, processing or packaging "waste";
- (c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

- (d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

**COMMERCIAL LIABILITY UMBRELLA
CU 21 25 12 01**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TOTAL POLLUTION EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

Exclusion i. under Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

This insurance does not apply to:

i. Pollution

- (1) "Bodily injury" or "property damage" which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time; or
- (2) "Pollution cost or expense".

**COMMERCIAL LIABILITY UMBRELLA
CU 21 18 09 00**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – YEAR 2000 COMPUTER-RELATED AND OTHER ELECTRONIC PROBLEMS

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

Except with respect to coverage provided for the ownership, maintenance or use of "covered autos", this Coverage Form is modified as follows:

The following exclusion is added to Paragraph 2., **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability** and Paragraph 2., **Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability**:

2. Exclusions

This insurance does not apply to "bodily injury", "property damage", or "personal and advertising injury" arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of:

(1) Any of the following, whether belonging to any insured or to others:

- (a)** Computer hardware, including micro-processors;
- (b)** Computer application software;
- (c)** Computer operating systems and related software;

(d) Computer networks;

(e) Microprocessors (computer chips) not part of any computer system; or

(f) Any other computerized or electronic equipment or components; or

(2) Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **2.a.(1)** of this endorsement

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

b. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **2.a.** of this endorsement.

**COMMERCIAL LIABILITY UMBRELLA
CU 21 27 12 04**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

FUNGI OR BACTERIA

- a. "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b. Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

FUNGI OR BACTERIA

- a. "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- b. Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.

C. The following definition is added to the Definitions Section:

"Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

**COMMERCIAL LIABILITY UMBRELLA
CU 21 33 01 08**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

"Any injury or damage" arising, directly or indirectly, out of a "certified act of terrorism".

B. The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part or underlying insurance to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part or underlying insurance.

2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

- a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
- b. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL UMBRELLA

EXCLUSION – LEAD POISONING LIABILITY

This insurance does not apply to “bodily injury”, “property damage” or “personal and advertising injury” arising out of any actual or alleged lead poisoning due to:

1. The inhalation of, ingestion of, or prolonged physical exposure to any premises, structure, good, or product containing lead by any person; or
2. The use of lead in the construction or manufacture of any good, product, or structure; or
3. Either intentional or accidental removal, including encapsulation, dispersal, sealing, or disposal of any good, product, or structure containing lead; or
4. The manufacture, transportation, storage, or disposal of good or product containing lead; or
5. The manufacture, sale, handling, or distribution of any good or product containing lead by or on behalf of an insured; or
6. An act or omission of an insured in connection with the general supervision of any job which involves the removal, enclosure, encapsulation, dispersal, sealing, or disposal of any premises, structure, good, product, or material containing lead. General supervision includes the rendering of or failure to render any instructions, recommendations, warnings, or advice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL UMBRELLA

ASBESTOS LIABILITY EXCLUSION

This insurance does not apply to “bodily injury”, “property damage” or “personal and advertising injury” arising out of any actual or alleged:

1. Inhaling, ingesting or prolonged physical exposure by any person to asbestos or asbestos fibers or goods or products containing asbestos;
2. Use of asbestos in constructing or manufacturing any good, product or structure;
3. Intentional or accidental removal including encapsulation, dispersal, sealing or disposal of asbestos or asbestos fibers from any good, product or structure;
4. Manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos;
5. Product manufactured, sold, handled or distributed by or on behalf of the insured which contain asbestos; or
6. Acts or omissions of the insured in connection with the general supervision of any job involving the removal, enclosure, encapsulation, dispersal, sealing or disposal of asbestos, asbestos fibers or products containing asbestos. General supervision includes the rendering of or failure to render any instructions, recommendations, warnings or advice.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**COMMERCIAL UMBRELLA****AMENDATORY ENDORSEMENT**

Exclusion s. **(9)** of Paragraph **2. Exclusions of Section I - Coverage A - Bodily Injury and Property Damage Liability** is replaced with the following:

(9) Services in the practice of pharmacy.

Exclusion **(15) (i)** of Paragraph **2., Exclusions of Section I - Coverage B - Personal and Advertising Injury Liability** is replaced with the following:

(i) Services in the practice of pharmacy.

Exclusion f. of Paragraph **2. Exclusions of Section I - Coverage A - Bodily Injury and Property Damage Liability** is replaced with the following:

f. Auto Coverages

- (1)** "Bodily injury" or "property damage" arising out of the ownership, maintenance or use of any "auto" which is not a "covered auto"; or
- (2)** Any loss, cost or expense payable under or resulting from any first party physical damage coverage; no-fault law; personal injury protection or auto medical payments coverage; or uninsured or underinsured motorist law.

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any "auto" that is owned or operated by or rented or loaned to any insured.

Paragraph **5 Other Insurance of Section IV - Conditions** is replaced with the following:

5. Other Insurance

This policy shall apply in excess of all "underlying insurance" whether or not valid and collectible. It shall also apply in excess of other valid and collectible insurance (except other insurance purchased specifically to apply in excess of this insurance) which also applies to any loss for which insurance is provided by this policy.

These excess provisions apply, whether such other insurance is stated to be:

1. Primary;
2. Contributing;
3. Excess; or
4. Contingent

13. Maintenance of Underlying Insurance

The "underlying insurance" listed in the schedule of "underlying insurance" in the declarations shall remain in full effect throughout the policy period except for reduction of the aggregate limit due to payment of claims, settlement, or judgments. This means:

1. The terms, conditions and endorsements of "underlying insurance" will not materially change;
2. Renewals or replacements of "underlying insurance" will not be more restrictive in coverage; and
3. "Underlying insurance" may not be canceled or non-renewed without notifying us.

Failure to maintain "underlying insurance" will not invalidate this insurance. However, this insurance will apply as if the "underlying insurance" were in full effect.

You must notify us as soon as practicable when any "underlying insurance" is no longer in effect.

Section V - Definitions

1. 9. f. is replaced with the following:

That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "covered auto". However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "covered auto" rented or leased by you or any of your "employees".

2. 11. "Loading and unloading" is replaced with the following:

11. "Loading or unloading" means the handling of property:

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft, or "auto";
- b.** While it is in or on an aircraft, watercraft, or "auto"; or
- c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:

2. Cancellation Of Policies In Effect

a. 90 Days Or Less

If this policy has been in effect for 90 days or less, we may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- (2) 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or
- (3) 30 days before the effective date of cancellation if we cancel for any other reason.

b. More Than 90 Days

If this policy has been in effect for more than 90 days, or is a renewal of a policy we issued, we may cancel this policy, only for one or more of the reasons listed below, by mailing or delivering to the first Named Insured written notice of cancellation at least:

- (1) 10 days before the effective date of cancellation if we cancel for nonpayment of premium;
- (2) 20 days before the effective date of cancellation if you have perpetrated a fraud or material misrepresentation on us; or
- (3) 45 days before the effective date of cancellation if:
 - (a) There has been a substantial change in the scale of risk covered by this policy;
 - (b) Reinsurance of the risk associated with this policy has been cancelled; or
 - (c) You have failed to comply with reasonable safety recommendations.

B. The following is added to the Common Policy Conditions and supersedes any provision to the contrary.

NONRENEWAL

1. If we elect not to renew this policy, we will mail or deliver to the first Named Insured written notice of nonrenewal at least 45 days before:
 - a. The expiration date of this policy, if the policy is written for a term of one year or less; or
 - b. The anniversary date of this policy, if the policy is written for a term of more than one year.

2. We will mail or deliver our notice to the first Named Insured's last mailing address known to us. If notice is mailed, proof of mailing will be sufficient proof of notice.

**COMMERCIAL LIABILITY UMBRELLA
CU 21 57 03 08**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA CHANGES – POLLUTION EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

The following is added to Exclusion **i. Pollution** of Paragraph **2. Exclusions** of **Section I – Coverage A – Bodily Injury And Property Damage** and to Subparagraph **a.(13)** of Paragraph **2. Exclusions** under **Section I – Coverage B – Personal And Advertising Limit** or to any amendment to or replacement thereof:

This Pollution Exclusion applies whether or not such irritant or contaminant has any function in your business, operations, premises, site or location.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EXCLUSION-LAW ENFORCEMENT PROFESSIONAL LIABILITY

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

The following exclusion is added to Paragraph **2., Exclusions** of **Section I-Coverage A-Bodily Injury And Property Damage Liability** and Paragraph **2., Exclusions** of **Section I-Coverage B-Personal And Advertising Injury Liability**:

This insurance does not apply to:

- a.** "Bodily injury", "property damage" or "personal and advertising injury" arising out of any "law enforcement wrongful act" committed in the performance of "law enforcement activities" by the insured or by any person for whose acts the insured is legally liable.
- b.** For the purpose of this endorsement, the following is added to **SECTION V-DEFINITIONS**:
 - 1)** "Law enforcement wrongful act" means:
 - (i)** Any breach of duty, neglect, error, omission, misstatement, or misleading statement committed by an insured while in the course of performing "law enforcement activities" for the "educational institution"; and
 - (ii)** Any allegations of negligence or wrongdoing in the supervision, hiring, employment, training, or monitoring of a person whose conduct is included in **(i)** above.

However, "law enforcement wrongful act" does not include any act, breach of duty, neglect, error, omission, misstatement, or misleading statement in connection with the protection of any computer or information system from internal or external interference.

- 2)** "Law enforcement activities" mean activities, services, advice or instruction that is within the scope of the authorized duties of the "educational institution's" law enforcement or security guard personnel.
- 3)** "Educational Institution" means the school district or other educational institution named in the Declarations of this Umbrella policy as legally constituted at the beginning of the policy period.

**COMMERCIAL LIABILITY UMBRELLA
CU 21 50 03 05**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SILICA OR SILICA-RELATED DUST EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

2. Exclusions

This insurance does not apply to:

SILICA OR SILICA-RELATED DUST

- a. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".
- b. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
- c. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

2. Exclusions

This insurance does not apply to:

SILICA OR SILICA-RELATED DUST

- a. "Personal and advertising injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".
- b. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any insured or by any other person or entity.

C. The following definitions are added to the Definitions Section:

1. "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.
2. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

INNOCENT PARTY COVERAGE EXCLUSION

THIS ENDORSEMENT CHANGES THE POLICY, PLEASE READ IT CAREFULLY

This endorsement modifies insurance provided under the following:

COMERCIAL UMBRELLA LIABILITY COVERAGE PART

The following exclusion is added to **Exclusions of Section I - COVERAGE A – BODILY INJURY AND LIABILITY** and under paragraph 2., **Exclusions of Section I COVERAGE B – PERSONAL AND ADVERTISING INJURY**:

Notwithstanding any coverage that may be afforded by any “underlying insurance” this policy does not apply to any “bodily injury”, “property damage”, “personal and advertising injury” or the cost of any defense arising out of any claim or “suit” alleging that an insured participated in, knowingly allowed or directed any abuse, sexual misconduct or molestation of any person.

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COMMERCIAL UMBRELLA

PROFESSIONAL LIABILITY AMENDMENT OF COVERAGE

A. The following is added to Paragraph 2. , **Exclusions** of **Section I-Coverage-A**:

s. Professional Services

This exclusion does not apply if valid "underlying insurance" for "covered professional services" exists or would have existed but for the exhaustion of the underlying limits of such "underlying insurance." Coverage provided will follow the provisions, exclusions, conditions and limitations of the "underlying insurance."

For the purpose of this endorsement, "covered professional services" means professional nursing, psychological, psychometric, counseling, athletic training, or speech, hearing, occupational or physical therapy services, treatment, advice or instruction.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY FOLLOW FORM COVERAGE ENDORSEMENT (Defense Outside Limits)

This endorsement modifies insurance provided under the following:

SCHOOL AND EDUCATORS LEGAL LIABILITY FOLLOW FORM COVERAGE PART
SCHOOL AND EDUCATORS LEGAL LIABILITY FOLLOW FORM COVERAGE PART SEPARATE AGGREGATE
LIMITS

SCHEDULE

LIMITS OF INSURANCE

EXCESS EMPLOYMENT PRACTICES LIMITS OF INSURANCE

Excess Employment Practices Liability "Wrongful Employment Act" Limit: \$9,000,000

Retroactive Date 09/03/2002

THIS COVERAGE IS SUBJECT TO THE AGGREGATE LIMIT DESCRIBED IN THE SCHOOL AND
EDUCATORS LEGAL LIABILITY FOLLOW FORM COVERAGE PART.

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

A. For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY FOLLOW FORM COVERAGE ENDORSEMENT**, the following coverage is added to **SECTION I – COVERAGES**:

EXCESS EMPLOYMENT PRACTICES LIABILITY COVERAGE

A. Insuring Agreement

1. We will pay, on behalf of the insured, those sums in excess of the applicable Limits of Insurance of the Scheduled Underlying Insurance, which the insured becomes legally obligated to pay as "loss" because of a "claim" alleging your "wrongful employment act" against your "employees" and applicants for employment to which this insurance applies.
2. This insurance applies to a "wrongful employment act" which occurs anywhere in the "coverage territory" but only if:
 - a. The "claim" is made within the United States of America (its territories or possessions), Puerto Rico or Canada;
 - b. The "wrongful employment act" did not occur before the Retroactive Date, if any, shown in the Schedule above or after the end of the "policy period". The Retroactive Date is the specific

date shown in the Schedule above; or, if no date is entered, the policy inception date shown in the Declarations;

- c. The insured did not give notice to any prior insurer of such "wrongful employment act"; and
 - d. A "claim" for "loss" because of a "wrongful employment act" is first made against any insured, in accordance with Paragraph 3. below, during the "policy period" or any Extended Reporting Period we provide under **SECTION V – EXTENDED REPORTING PERIODS**.
- 3.** A "claim" by a person or organization seeking damages will be deemed to have been made at the earlier of the following times:
- a. When notice of such "claim" is received by any insured or by us, whichever comes first; or
 - b. When we make settlement in accordance with Paragraph **A.1.** above.

Two or more "claims" arising out of a single "wrongful employment act" or a series of "wrongful employment acts" related in any way to each other shall be

considered one "claim". Any such "claims" whenever made shall be considered to have been made at the time the first of those "claims" was made.

4. We will have the right and duty to defend the insured against any "claim" alleging injury arising out of a "wrongful employment act" to which this insurance applies.
5. We may at our sole discretion investigate any allegation of "wrongful employment act" and settle any "claim" that may arise.
6. We will pay "defense expenses", with respect to any "claim" we defend arising out of any "wrongful employment act". These payments will not reduce the applicable Limits of Insurance.
7. We will have no duty to defend any insured against any "claim" to which this coverage endorsement does not apply.
8. Each payment we make for "loss" will reduce the Limits of Insurance. When either the Excess Employment Practices Aggregate Limit or the Excess Employment Practices "Wrongful Employment Act" Limit has been exhausted by payment of judgments or settlements, our duty to defend, continue to defend or to pay "defense expenses" under this coverage endorsement shall cease.
9. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under this coverage endorsement.
10. We will have no duty to defend the insured against any "suit" or to pay any "loss" or respond to any "claim" seeking injunctive or other non-monetary relief.
11. The amount we will pay for "loss" will be in excess of the applicable scheduled underlying insurance and as otherwise limited in **SECTION III – LIMITS OF INSURANCE**.

B. For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY FOLLOW FORM COVERAGE ENDORSEMENT** only, the following Exclusions are deleted from **SECTION I – COVERAGES**, Paragraph **B. Exclusions**:

5. **Employee Retirement Income Security Act;**
7. **Employment Benefit Plan;**
8. **Workers Compensation;**
9. **Employers Liability;**

10. Contractual;

15. Abuse and Molestation; and

21. Employment Related Practices.

- C.** For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY FOLLOW FORM COVERAGE ENDORSEMENT** only, the following is added to **SECTION I – COVERAGES**, Paragraph **B. Exclusions** Subparagraph **3. Bodily Injury, Personal and Advertising Injury, or Property Damage**:

For the purpose of this exclusion only, "bodily injury" does not include mental anguish or emotional injury arising out of "wrongful employment acts".

- D.** For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY FOLLOW FORM COVERAGE ENDORSEMENT** only, the following exclusions are added to **SECTION I – COVERAGES**, Paragraph **B. Exclusions**:

This insurance does not apply to:

1. Statutory Obligations

a. ERISA, COBRA, WARN, OSHA and NLRA

Any liability arising out of the insured's failure to fulfill any responsibility, duty or obligation imposed by the Employment Retirement Income Security Act of 1974 (ERISA), Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), Workers' Adjustment and Retraining Notification Act, Public Law 100-379 (1988) (WARN), Occupational Safety and Health Act (OSHA), National Labor Relations Act of 1947 (NLRA), any rules or regulations of the foregoing promulgated thereunder, and amendments thereto or any similar provisions of any federal, state, or local statutory or common law;

b. FLSA

- (1) Any liability arising out of any obligation under the Fair Labor Standards Act, or any violations of any federal, state, local or foreign statutory law or common law that governs the same topic or subject and any rules, regulations and amendments thereto (except the Equal Pay Act); and
- (2) Any liability arising out of "claims" for unpaid wages or overtime pay for hours actually worked or labor actually performed by any "employee" of the insured, for improper payroll

deductions or any violations of any federal, state, local or foreign statutory law or common law that governs the same topic or subject and any rules, regulations and amendments thereto.

This exclusion, however, shall not apply to any "claim" or "suit" alleging retaliatory action by an insured.

2. Consequential Loss

Any "claim" made by a spouse, child, parent, brother, sister, "domestic partner" or any other relative of a current, former, or prospective "employee" as a consequence of a "wrongful employment act".

3. Contractual Liability

Obligations or payments owed under:

- a. An express written or oral contract of employment. However, this exclusion does not apply to any actual or alleged breach of an implied contract or agreement relating to employment, whether arising out of any personnel manual, policy statement or oral representation;
- b. An agreement to make payments in the event of the termination of employment; or
- c. An agreement to assume another's liability. However, this exclusion does not apply to the liability of an insured which would have attached even in the absence of such contract or agreement.

4. Collective Bargaining Process

Any "claim" arising out of the collective bargaining process.

5. Insurance Plan Benefits

That part of any "loss" which constitutes payment of insurance plan benefits that a claimant would have been entitled to as an "employee", other than a retired "employee", had the insured provided the claimant with a continuation of insurance or a commencement of employment;

6. Front Pay and Future Damages

This exclusion applies only if the insured is either ordered or has the option pursuant to a judgment or other disposition to reinstate the "employee" but fails to do so.

7. Non-Monetary Relief

That part of any "claim" seeking any non-monetary relief, including but not limited to:

- a. Injunctive relief;
- b. Declaratory relief;

- c. Disgorgement;
- d. Job reinstatement;
- e. Costs or expenses incurred in accommodating any disabled person, pursuant to the Americans with Disabilities Act of 1990 (ADA), including amendments to that law or similar federal, state or local statutory or common law;
- f. Any liability or costs incurred in connection with any educational, sensitivity or other corporate program, policy or seminar relating to a "claim" alleging discrimination or other "wrongful employment act"; or
- g. Other equitable remedies, including as to all of the above, the cost of compliance therewith; provided, however, if such request for non-monetary relief is part of an otherwise covered "claim", we will not seek to allocate "defense expenses" for the portion of the "claim" seeking non-monetary relief.

8. Outside Boards

Any liability arising out of any actual or alleged act or omission of an insured serving in any capacity, other than as your director, officer or "employee".

9. Worker's Compensation, Social Security and Unemployment, Disability and Retirement Benefits

Any liability arising out of any obligation pursuant to any worker's compensation, disability benefits, unemployment compensation, unemployment insurance, retirement benefits, social security benefits or similar law. This exclusion, however, shall not apply to any allegation of retaliatory treatment against any "employee" who is attempting to exercise his or her rights under the above laws.

E. For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY FOLLOW FORM COVERAGE ENDORSEMENT** only, **SECTION I – COVERAGES**, Paragraph **C. Supplementary Payments** is deleted.

F. For purposes of this **EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY FOLLOW FORM COVERAGE ENDORSEMENT** only, **SECTION III – LIMITS OF INSURANCE** is replaced by the following:

A. Limits of Insurance

1. The Excess Employment Practices Limits of Insurance shown in the Schedule above or in the Declarations are the most we will pay regardless of the number of:

- a. Insureds;
 - b. "Claims" made for a "wrongful employment act"; or
 - c. Persons or organizations making "claims" for "wrongful employment acts".
2. Subject to the aggregate limit in the School and Educators Legal Liability Coverage Part, the Excess Employment Practices "Wrongful Employment Act" Limit is the most we will pay for all "loss" arising from any one "claim" alleging "wrongful employment acts" covered under this endorsement.
 3. The Excess Employment Practices "Wrongful Employment Act" Limit is included within and not in addition to the School and Educators Legal Liability Each Claim Limit.
 4. The Limits of Insurance for this endorsement apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the "policy period" shown in the Declarations, unless the "policy period" is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.
- G. For purposes of this EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY FOLLOW FORM COVERAGE ENDORSEMENT only, the following definitions are added to SECTION VI – DEFINITIONS:**
- A. "Wrongful act" includes "wrongful employment act".
 - B. "Wrongful employment act" means any actual or alleged:
 1. Wrongful dismissal, discharge or termination of employment, including constructive termination, dismissal or discharge;
 2. Breach of an implied contract or agreement relating to employment;
 3. Wrongful failure to employ or promote;
 4. Wrongful demotion, denial of tenure or practice privileges or deprivation of a career opportunity;
 5. Negligent supervision, training, evaluation, reassignment, hiring or retention;
 6. Negligent failure to adopt or enforce employment-related policies and procedures;
 7. Employment-related wrongful discipline;
 8. Employment discrimination or violation of any employment discrimination law;
 9. Disparate treatment of or failure or refusal to hire a claimant because he or she is or claims to be a member of a class which is or is alleged to be legally-protected;
 10. Employment-related invasion of privacy, false arrest or false imprisonment;
 11. Employment-related defamation, libel or slander, including statements in an "employee" reference;
 12. Employment-related wrongful infliction of emotional distress, mental anguish or humiliation;
 13. Employment-related misrepresentation;
 14. Sexual or other workplace harassment of any kind, including any unwelcome sexual or non-sexual advances, requests for sexual or non-sexual favors, or other verbal, visual, or physical conduct of a sexual or non-sexual nature that is made a condition of employment with or used as a basis for employment decisions by, interferes with performance or creates an intimidating, hostile or offensive working environment;
 15. Retaliation against an "employee" arising out of employment by or services performed for the insured; or
 16. Violation of any federal, state or local civil rights laws, committed or attempted by an insured in his or her capacity as an insured,

committed or attempted by an insured in his or her capacity as an insured.

Any series of "wrongful employment acts" that are connected by reason of a common claimant, transaction, policy, action, omission or decision are a single "wrongful employment act".
- H. For purposes of this EDUCATIONAL INSTITUTION EMPLOYMENT PRACTICES LIABILITY FOLLOW FORM COVERAGE ENDORSEMENT only, SECTION VI – DEFINITIONS, Paragraphs H., I. and O. are replaced by the following:**
- H. "Employee" means:
 1. A natural person employed by and directed by an insured, including any part-

time, leased, temporary or seasonal employees; or

2. An individual who is a volunteer, intern, committee or staff member for the insured, but only if the insured provides indemnification to such individual in the same manner as that provided to the insured's "employees".

Independent Contractors are not "Employees".

An individual's employment status shall be determined as of the date of the "wrongful employment act".

- I. "Loss" means damages (including front pay and back pay), judgments, settlements, pre-judgment interest and post-judgment interest on that part of any judgment paid by us, and statutory attorney fees.

However, "loss" shall not include:

1. Civil or criminal fines or penalties imposed by law;
 2. Punitive or exemplary damages;
 3. The multiplied portion of multiplied damages;
 4. Taxes;
 5. Any amount for which the insureds are not financially liable or which are without legal recourse to the insureds;
 6. Employment related benefits, stock options, perquisites, deferred compensation or any other type of compensation other than salary, wages or bonus compensation; or
 7. Matters which may be deemed uninsurable under the law pursuant to which this Coverage Endorsement shall be construed.
- O. "Suit" means a civil proceeding or an administrative proceeding seeking monetary damages. "Suit" includes an arbitration, mediation or any other alternative dispute resolution proceeding seeking such damages to which the insured must submit or may submit with our consent. The term "suit" shall also mean an Equal Employment Opportunity Commission (EEOC), Department of Labor (DOL) or Office of Federal Contract Compliance Program (OFCCP) (or similar federal, state or local agency) proceeding or investigation commenced by the filing of a notice of charges, service of a complaint or similar document of which notice has been given to you. However, in no event, shall "suit" include any civil proceeding or administrative proceeding arising from any labor or grievance

dispute which is subject to a collective bargaining agreement.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY SHALL REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SEXUAL MISCONDUCT OR SEXUAL MOLESTATION LIABILITY FOLLOW-FORM COVERAGE ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

Schedule

"Sexual Misconduct or Sexual Molestation" Each Incident Limit \$ 9,000,000
"Sexual Misconduct or Sexual Molestation" Aggregate Limit \$ 9,000,000

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

Except for the insurance provided by this endorsement, the Coverage Part to which this endorsement is attached does not apply to any claim or "suit" seeking damages arising out of any actual or alleged "sexual misconduct or sexual molestation incident".

A. The following is added to SECTION I – COVERAGES:

1. Insuring Agreement

- a. We will pay those sums in excess of the "underlying insurance" the insured becomes legally obligated to pay as damages because of "bodily injury" arising out of a "sexual misconduct or sexual molestation incident" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages when the limits of "underlying insurance" have been exhausted. When we have no duty to defend, we will have the right to defend, or to participate in the defense of, the insured against any "suit" seeking damages for "bodily injury" to which this insurance may apply. However, we will have no duty to defend the insured against any "suit" seeking "damages" to which this insurance does not apply. We may, at our discretion, investigate any "sexual misconduct or sexual molestation incident" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in **SECTION III – LIMITS OF INSURANCE** of this endorsement; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A, B, or Sexual**

**Misconduct or Sexual Molestation
Liability Follow-Form Coverage
Endorsement.**

No other obligation or liability to pay sums or perform acts or services is covered unless expressly provided for under **SUPPLEMENTARY PAYMENTS.**

- b. This insurance applies to "bodily injury" only if:
- (1) The "bodily injury" is caused by a "sexual misconduct or sexual molestation incident" that takes place in the "coverage territory";
 - (2) The first act of a "sexual misconduct or sexual molestation incident" occurs during the policy period; and
 - (3) Prior to the policy period no insured listed under Paragraph 1. of **SECTION II – WHO IS AN INSURED** and no "employee" authorized by you to give or receive notice of a "sexual misconduct or sexual molestation incident" or claim, knew that the "bodily injury" had occurred in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "sexual misconduct or sexual molestation incident" occurred, then any continuation, change or resumption of such "bodily injury" during or after the policy period will be deemed to have been known prior to the policy period.
- c. "Bodily injury" which occurs during the policy period and was not, prior to the

policy period, known to have occurred by any insured listed under Paragraph 1. of **SECTION II – WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of a "sexual misconduct or sexual molestation incident" or claim, includes any continuation, change or resumption of that "sexual misconduct or sexual molestation incident" after the end of the policy period.

- d. "Bodily injury" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of **SECTION II – WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of a "sexual misconduct or sexual molestation incident" or claim:
- (1) Reports all, or any part, of the "bodily injury" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury"; or
 - (3) Becomes aware by any other means that the "bodily injury" has occurred or has begun to occur.

2. Exclusions

The insurance provided under this endorsement does not apply to:

a. Participation In or Knowingly Allowing "Sexual Misconduct or Sexual Molestation"

Any insured who participated in, knowingly allowed or directed any "sexual misconduct or sexual molestation incident".

b. Dishonest, Fraudulent, Criminal, Wrongful Or Malicious Act

"Bodily injury" arising out of any intentional, dishonest, fraudulent, criminal, wrongful or malicious act, error or omission, committed by, knowingly allowed or directed by the insured, including the willful or reckless violation of any statute or law.

This exclusion applies even if:

- (1) The insured or the person causing the "bodily injury" lacks the mental capacity to control or govern his or her own conduct; or
- (2) The insured or the person causing the "bodily injury" temporarily lacks the capacity to control or govern his or her

own conduct or is temporarily unable to form any intent to cause harm.

This exclusion applies regardless whether the insured or the person causing the "bodily injury" is actually charged with or convicted of a crime and regardless whether any insured or person causing the "bodily injury" subjectively intended the injury or damage for which a claim is made.

This exclusion precludes coverage for all insured persons under the policy regardless whether the person seeking coverage participated in any way in the intentional or criminal acts or omissions.

c. Sex Discrimination

"Bodily injury" arising out of sex discrimination.

d. Contractual

To liability assumed by any insured under any contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

e. Workers Compensation

Any obligation of any insured under a workers' compensation, disability benefits, or unemployment compensation law or any similar law.

f. Employer's Liability

Any claim made by or on behalf of:

- (1) Any "employee" of the insured arising out of and in the course of employment by any insured; or
- (2) Any person as a consequence of 1) above.

This Exclusion applies:

- (3) Whether any insured may be liable as an employer or in any other capacity; and
- (4) To any obligation to share damages with or repay someone else who must pay damages because of injury.

g. Employment Related Practices

Any "claim" by or on behalf of:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation,

reassignment, discipline,
defamation, harassment,
humiliation or discrimination
directed at that person; or

- (2) Any person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (1) (a), (b), or (c) above is directed.

This exclusion applies:

- (3) Whether the insured may be liable as an employer or in any other capacity; and
- (4) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

h. Punitive or Exemplary Damages

Any sum awarded for punitive damages, exemplary damages, multiplied damages, taxes, fines or penalties arising out of any "sexual misconduct or sexual molestation incident".

i. Bodily injury, property damage, personal and advertising injury"

- (1) "Bodily injury" for which insurance is provided by other insurance, or which would have been provided but for the exhaustion of limits; or
- (2) "Property damage" or "personal and advertising injury".

j. Prior Insurance or Prior Condition

"Bodily injury":

- (1) For which insurance is afforded under any policy with a policy period that began prior to the beginning of the policy period for this insurance, or
- (2) That results from a "sexual misconduct or molestation incident" that first commenced prior to the beginning of the policy period for this insurance.

B. SECTION II – WHO IS AN INSURED

The following is added to **SECTION II – WHO IS AN INSURED**:

For the purposes of the coverage provided by this endorsement, none of the following is an insured:

- Any insured who participated in, knowingly allowed or directed a "sexual misconduct or sexual molestation incident".
- Any person who knew of a "sexual misconduct or sexual molestation incident", and failed to comply with any applicable federal, state or

local laws, ordinances or regulations which require the reporting of such act.

C. SECTION III – LIMITS OF INSURANCE

For the purpose of the coverage provided by this endorsement, **SECTION III – LIMITS OF INSURANCE** is replaced by the following:

- The Limits of Insurance shown in the Schedule or Declaration and the rules below fix the most we will pay regardless of the number of:
 - Insureds;
 - Claims made or "suits" brought; or
 - Persons or organizations making claims or bringing "suits".
- The "**Sexual Misconduct or Sexual Molestation**" **Aggregate Limit** is the most we will pay for all damages because or arising in any way out of "sexual misconduct or sexual molestation" to which this insurance applies.
- Subject to the "**Sexual Misconduct or Sexual Molestation**" **Aggregate Limit**, the "**Sexual Misconduct or Sexual Molestation**" **Each Incident Limit** is the most we will pay for all damages sustained in any one "sexual misconduct or sexual molestation incident".
- The Limits of Insurance of this endorsement apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

D. SECTION IV – CONDITIONS

For the purpose of the coverage provided by this endorsement, **SECTION IV – CONDITIONS**, Paragraph 3. is replaced by the following:

- Duties In The Event Of an Act, Error Or Omission, Or Claim Or Suit"**
 - You must see to it that we are notified as soon as practicable of a "sexual misconduct or sexual molestation incident" or an offense which may result in a claim. Notice should include:
 - How, when and where the "sexual misconduct or sexual molestation incident" or offense took place;
 - The names and addresses of any injured persons and witnesses; and

- (3) The nature of any injury arising out of the "sexual misconduct or sexual molestation incident" or offense.

E. SECTION V – DEFINITIONS

The following is added to **SECTION V – DEFINITIONS**:

1. "Sexual misconduct or sexual molestation" means actual or alleged physical sexual misconduct or physical sexual molestation arising out of a single, continuous or repeated exposure of one or more persons to acts of a physical sexual nature committed by:
 - a. One person; or
 - b. Two or more persons acting together or in related acts or series of acts.

However, "sexual misconduct or sexual molestation" does not include employment-related sexual harassment.

2. "Sexual misconduct or sexual molestation incident" means an act or multiple, continuous, related or repeated acts of "sexual misconduct or sexual molestation" by one person or two or more persons acting together. All acts of "sexual misconduct or sexual molestation" by any one person, or two or more persons acting together will be deemed to be one incident. The "sexual misconduct or sexual molestation incident" will be deemed to occur when the first "sexual misconduct or sexual molestation incident" takes place regardless of:
 - a. The number of persons injured;
 - b. The time period over which the "bodily injury" took place;
 - c. The number of such acts; or
 - d. Whether each such person participated in each act.

All "sexual misconduct or sexual molestation incidents" by one person, or two or more persons acting together will be considered one "sexual misconduct or sexual molestation incident".

3. "Bodily Injury"

For the purposes of this insurance, the definition of "bodily injury" is replaced by:

"Bodily injury" means bodily injury, sickness or disease sustained by a person. "Bodily injury" includes mental anguish, mental injury, shock, fright or death resulting from physical injury.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – LAW ENFORCEMENT PROFESSIONAL LIABILITY

This endorsement modifies insurance provided under the following:

SCHOOL AND EDUCATORS LEGAL LIABILITY FOLLOW FORM COVERAGE PART

The following is added to **SECTION I – COVERAGES**, Paragraph **B. Exclusions**:

Law Enforcement Professional Liability

This insurance does not apply to:

1. Any "claim" arising out of any actual or alleged breach of duty, negligent act, error, omission, misstatement, or misleading statement committed by an insured while acting within the scope of their law enforcement duties for the "educational

institution"; and

2. Any allegations of negligence or wrongdoing in the supervision, hiring, employment, training, or monitoring of a person whose conduct is included in Paragraph 1. above.

For the purposes of this endorsement, "Law enforcement activities" means activities, services, advice or instruction that is within the scope of the authorized duties of the "educational institution's" law enforcement or security guard personnel.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

SCHOOL AND EDUCATORS LEGAL LIABILITY FOLLOW FORM COVERAGE PART

CLAIMS-MADE WARNING

NOTICE: THIS COVERAGE PART PROVIDES COVERAGE ON A CLAIMS-MADE BASIS. SUBJECT TO ITS TERMS, THIS COVERAGE PART APPLIES ONLY TO "CLAIMS" FIRST MADE AGAINST THE INSURED DURING THE "POLICY PERIOD", AUTOMATIC EXTENDED REPORTING PERIOD OR ANY PURCHASED OPTIONAL EXTENDED REPORTING PERIOD THAT MAY APPLY. PLEASE READ THE ENTIRE POLICY CAREFULLY TO DETERMINE RIGHTS, DUTIES, COVERAGE AND COVERAGE RESTRICTIONS.

Schedule

Coverage	Limits of Insurance
School and Educators Legal Liability Coverage	Each Claim Limit \$9,000,000

This insurance does not apply to "wrongful acts" committed before the Retroactive Date, if any, shown here.

Retroactive Date 09/03/2002

THIS COVERAGE IS SUBJECT TO THE AGGREGATE LIMIT DESCRIBED IN THE COMMERCIAL UMBRELLA POLICY DECLARATIONS PAGE LIMIT OF LIABILITY (SECTION III)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the Company providing this insurance. The word "insured" means any person or organization qualifying as such under **SECTION II – WHO IS AN INSURED**.

Other words and phrases that appear in quotation marks have special meaning. Refer to **SECTION VI – DEFINITIONS**.

SECTION I – COVERAGE

A. Insuring Agreement

1. We will pay, on behalf of the insured, those sums in excess of the applicable Limits of Insurance of the Scheduled Underlying Insurance, which the insured becomes legally obligated to pay as "loss" because of a "claim" alleging a "wrongful act" to which this insurance applies.
2. This insurance applies to a "wrongful act" which occurs anywhere in the "coverage territory" but only if:
 - a. The "claim" is made within the United States of America, its territories or possessions, Puerto Rico or Canada;
 - b. The "wrongful act" did not occur before the Retroactive Date, if any, shown in the Schedule of this Coverage Part or after the end of the "policy period". The
 - c. Retroactive Date is the specific date entered in the Schedule or, if no date is entered, the policy inception date shown in the Declarations;
 - d. The insured did not give notice to any prior insurer of such "wrongful act"; and
 - e. A "claim" for "loss" because of the "wrongful act" is first made against any insured, in accordance with Paragraph 3. below, during the "policy period" or any Extended Reporting Period we provide under **SECTION V – EXTENDED REPORTING PERIODS**.
3. A "claim" by a person or organization seeking damages will be deemed to have been made at the earlier of the following:
 - a. When notice of such "claim" is received by any insured or by us, whichever comes first; or

- b. When we make settlement in accordance with Paragraph **A.1.** above.

Two or more "claims" arising out of a single "wrongful act" or a series of "wrongful acts" related in any way to each other shall be considered one "claim". Any such "claims" whenever made shall be considered as first made at the time the first of those "claims" was made.

4. We will have the right and duty to defend the insured against any "claim" alleging a "wrongful act" to which this insurance applies.
5. We may at our sole discretion investigate any allegation of "wrongful act" and settle any "claim" that may arise.
6. The amount we will pay for "loss" will be in excess of the applicable deductible, if any, and as otherwise limited in **SECTION III – LIMITS OF INSURANCE.**
7. We will pay "defense expenses", with respect to any "claim" we defend arising out of any "wrongful act".
These payments will not reduce the applicable Limits of Insurance for payment of "loss".
Our duty to defend and to pay for defense ends when we have used up either the Umbrella Aggregate Limit or the Each "Claim" Limit in payment of "loss".
8. We will have no duty to defend any insured against any "claim" to which this Coverage Part does not apply.
9. No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under this Coverage Part.
10. We will have no duty to defend the insured against any "suit" or to pay any "loss" or respond to any "claim" seeking injunctive or other non-monetary relief.
11. The amount we will pay for "loss" will be in excess of the applicable scheduled underlying insurance and as otherwise limited in **SECTION III – LIMITS OF INSURANCE.**

B. Exclusions

This insurance does not apply to:

1. Intentional or Criminal Act

Any "claim" arising out of any intentional, dishonest, fraudulent, criminal, or malicious act or omission or any willful violation of law by the insured. This exclusion applies even if:

- a. The insured lacks the mental capacity to control or govern his or her own conduct; or

- b. The insured temporarily lacks the capacity to control or govern his or her own conduct or is temporarily unable to form any intent to cause harm.

However, this exclusion shall not apply unless and until there is an adverse admission by the insured, finding of fact, or final adjudication against the insured as to such excluded conduct, at which time the insured shall reimburse us for all "loss" and "defense expenses" we paid or incurred on account of such "claim".

2. Insurance

Any "claim" arising out of the failure to purchase proper insurance or maintain adequate limits of insurance.

3. Bodily Injury, Personal and Advertising Injury, or Property Damage

"Bodily injury", "property damage" or "personal and advertising injury".

4. Illegal Financial Gain

Any "claim" arising out of the insured obtaining or attempting to obtain remuneration or financial gain to which such insured was not legally entitled.

5. Employee Retirement Income Security Act

Any "claim" arising out of any responsibilities, obligations or duties imposed upon fiduciaries by the Employee Retirement Income Security Act of 1974 or any amendments thereto.

6. Fidelity

Any "claim" arising from embezzlement, misuse, misappropriation, or breach of fiduciary duty in the handling or managing of public and/or private monies, investments or other funds.

7. Employee Benefit Plan

Any "claim" alleging a "wrongful act" related to the administration of any employee benefit plan.

8. Workers Compensation

Any obligation of the insured under a workers compensation, disability benefits, social security or unemployment compensation law or any similar rule, regulation or law.

9. Employers Liability

Any "claim" made by or on behalf of:

- a. An "employee" or former "employee" of the insured arising out of and in the course of:
 - (1) Employment by the insured;

(2) Performing duties related to the conduct of the insured's business; or

- b. A spouse, child, parent, brother, sister, "domestic partner" or any other relative of that "employee" as a consequence of Paragraph a. above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity, and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

10. Contractual

Any "claim" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

11. Intellectual Property Rights

Any "claim" arising out of piracy, misappropriation of advertising ideas or style of doing business, or infringement of copyright, trade dress, patent, service mark, service name, slogan, title, trademark, or trade name.

12. War

Any "claim", however caused, arising directly or indirectly out of:

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

13. Physical Modifications and Changes in Business Operations

The costs of complying with physical modifications to your premises or any changes to your usual business operations as mandated by the Americans With Disabilities Act including any amendments, or any similar rule, regulation or law.

14. Professional Health Care Services

Any "claim" arising out of the rendering of or failure to render professional health care services by any insured, or by any person for whose acts or omissions any insured is legally responsible.

15. Abuse and Molestation

Any "claim" directly or indirectly arising out of or in any way related to:

- a. The actual or threatened abuse or molestation by anyone of any person regardless whether the abuse or molestation was specifically intended or resulted from negligent conduct and regardless whether any insured subjectively intended the injury or damage for which a "claim" is made, or

b. The negligent:

- (1) Employment;
- (2) Investigation;
- (3) Supervision;
- (4) Reporting to the proper authorities, or failure to so report; or
- (5) Retention

of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph a. above.

16. Asbestos

Any "claim" arising out of any actual or alleged:

- a. Inhaling, ingesting or prolonged physical exposure by any person to asbestos or asbestos fibers or goods or products containing asbestos; or
- b. Use of asbestos in constructing or manufacturing any good, product or structure; or
- c. Intentional or accidental removal including encapsulation, dispersal, sealing or disposal of asbestos or asbestos fibers from any good, product or structure; or
- d. Manufacture, transportation, storage or disposal of asbestos or goods or products containing asbestos; or
- e. Product manufactured, sold, handled or distributed by or on behalf of the insured which contains asbestos; or
- f. Acts or omissions of the insured in connection with the general supervision of any job involving the removal, enclosure, encapsulation, dispersal, sealing, or disposal of asbestos, asbestos fibers or products containing asbestos.

General supervision includes the rendering of or failure to render any instructions, recommendations, warnings, or advice.

17. Lead

Any "claim" arising out of any actual or alleged lead poisoning due to:

- a. Inhaling, ingesting or prolonged physical exposure by any person to any premises, structure, goods or products containing lead; or
- b. The use of lead in constructing or manufacturing any good, product or structure; or
- c. Intentional or accidental removal including encapsulation, dispersal, sealing or disposal of any good, product or structure containing lead; or
- d. The manufacturing, transportation, storage or disposal of goods or products containing lead; or
- e. Any product manufactured, sold, handled or distributed by or on behalf of the insured which contains lead; or
- f. Acts or omissions of the insured in connection with the general supervision of any job involving the removal, enclosure, encapsulation, dispersal, sealing, or disposal of products or materials containing lead.

General supervision includes the rendering of or failure to render any instructions, recommendations, warnings, or advice.

18. Pollution

Any "claim" which would not have occurred in whole or in part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time; or "pollution cost or expense".

"Pollutants" means any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

"Pollution cost or expense" means any loss, cost or expense arising out of any:

- a. Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants"; or
- b. "Claim" or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring cleaning up, removing, containing, treating, detoxifying or neutralizing or in any way

responding to, or assessing the effects of, "pollutants".

19. Fungi or Bacteria

Any "claim" arising out of:

- a. The actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage; or
- b. Any "loss", cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of "fungi" or bacteria, by any insured or by any other person or entity.

This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.

For purposes of this exclusion, "fungi" means any type of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

20. Nuclear Energy Liability

a. This Coverage Part does not apply:

(1) To any "claim" seeking "loss" or damages:

(a) With respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(b) Resulting from the "hazardous properties" of "nuclear material" and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity

from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

(2) To any "loss" or damage resulting from "hazardous properties" of "nuclear material", if:

(a) The "nuclear material" is at any "nuclear facility" owned by, or operated by or on behalf of, an insured or has been discharged or dispersed there from;

(b) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an insured; or

(c) The "loss" or damage arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America (its territories or possessions), Puerto Rico or Canada, this exclusion applies only to "property damage" to such "nuclear facility" and any property thereat.

b. As used in this exclusion:

"Hazardous properties" includes radioactive, toxic, or explosive properties;

"Nuclear material" means "source material", "Special nuclear material" or "by-product material";

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof;

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor";

"Waste" means any waste material containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and resulting from the operation by any person

or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

(1) Any "nuclear reactor";

(2) Any equipment or device designed or used for separating the isotopes of uranium or plutonium, processing or utilizing "spent fuel", or handling, processing or packaging "waste";

(3) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(4) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations;

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

Damages include all forms of radioactive contamination of property.

21. Employment Related Practices

Any "claim" seeking damages to:

a. A person arising out of any:

(1) Refusal to employ that person;

(2) Termination of that person's employment; or

(3) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or

b. The spouse, "domestic partner", child, parent, brother or sister of that person as a consequence of damages to that person at whom any of the employment-related practices described in Paragraph a. above is directed.

This exclusion applies:

- c. Whether the injury-causing event described in Paragraph a. above occurs before employment, during employment or after employment of that person;
- d. Whether you may be liable as an employer or in any other capacity; and
- e. To any obligation to share damages with or repay someone else who must pay damages because of the injury.

C. Supplementary Payments

We will pay, with respect to any "claim" we investigate or settle, or defend:

- 1. All expenses we incur, including "defense expenses";
- 2. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable Limit of Insurance, we will not pay any prejudgment interest based on that period of time after the offer; and
- 3. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable Limit of Insurance.

These payments will not reduce the limits of insurance.

SECTION II – WHO IS AN INSURED

Each of the following is an insured to the extent set forth below:

- A. The "educational institution" named in the Declarations, its School Board, School Committee, Board of Trustees, Board of Governors or similar governing body and, for acts within the scope of their duties as such, all persons who were, now are, or shall be, its:
 - 1. Elected or appointed members of the Board of Education, Board of Trustees, School Directors, School Committee, Board of Governors, or similar governing body;
 - 2. "Employees";
 - 3. Student Teachers teaching as part of their educational requirements; and
 - 4. "School Volunteers":
 - a. Your Students while serving in a supervised internship program sponsored by the "educational institution";
 - b. "Employees" or Board Members serving as directors on the boards of "outside organizations" at the direction of and as a part of their duties to the "educational institution"; and

- c. The spouse or "domestic partner" of an insured under Paragraph 1. above, but solely with respect to such person's status as a spouse or "domestic partner" and not for any "wrongful acts" actually or allegedly committed by the spouse or "domestic partner".

The persons or organizations described above whether past, present or future, are insureds but only while acting within the scope of their duties for, or for activities sponsored by the "educational institution".

- B. With respect to the liability of insureds described above, the heirs, administrators, assigns, and legal representatives of each insured in the event of death, incapacity, or bankruptcy.

SECTION III – LIMITS OF INSURANCE

A. Limits of Insurance

- 1. The Limits of Insurance shown in the Schedule of this Coverage Part are the most we will pay regardless of the number of:
 - a. Insureds;
 - b. "Claims" made; or
 - c. Persons or organizations making "claims".
- 2. The Aggregate Limit shown in the Umbrella policy Declarations Limit of Liability (Section III) is the most we will pay during each policy period for all "ultimate net loss" arising out of "wrongful acts."
- 3. Subject to Paragraph 2. above, the Each "Claim" Limit is the most we will pay for all "loss" because of or arising out of any one "claim" and shall be in excess of the applicable underlying insurance shown in the Declarations under Schedule A- Schedule of Underlying Policies.
- 4. Two or more "claims" arising out of a single "wrongful act" or a series of "wrongful acts" related in any way to each other shall be considered one "claim".
- 5. The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the "policy period" shown in the Declarations, unless the "policy period" is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – SCHOOL AND EDUCATORS LEGAL LIABILITY CONDITIONS

A. Bankruptcy

Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.

B. Duties in the Event of Wrongful Act, Claim, or Suit

1. You must see to it that we are notified as soon as practicable of any "wrongful act" which may result in a "claim". Notice should include:
 - a. How, when, and where the "wrongful act" took place;
 - b. The names and addresses of persons involved in the "wrongful act" and witnesses; and
 - c. The nature of the harm resulting from the "wrongful act".
2. If a "claim" is received by an insured, you must:
 - a. Immediately record the specifics of the "claim" and the date received;
 - b. Notify us as soon as practicable; and
 - c. Forward written notice of the "claim" to us as soon as practicable.
3. You and any other involved insured must:
 - a. Immediately send us copies of any demands, notices, summonses, or legal papers received in connection with the "claim" or "suit";
 - b. Authorize us to obtain records and other information;
 - c. Cooperate with us in the investigation or settlement of the "claim" or defense against the "suit"; and
 - d. Assist us, upon our request, in the enforcement of any right against any person or organization, which may be liable to an insured because of "loss" to which this insurance may also apply.
4. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

C. Legal Action Against Us

No person or organization has a right under this Coverage Part:

1. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or
2. To sue us on this Coverage Part unless all of its terms have been fully complied with.

Any disputes between the insured and us as to whether there is coverage under this policy must be filed in the courts of the United States of

America (including its territories and possessions), Puerto Rico or Canada.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured obtained after an actual trial; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable Limit of Insurance. An agreed settlement means a settlement and release of liability signed by us, the insured, and the claimant or the claimant's legal representative.

D. Other Insurance

If other valid and collectible insurance is available to the insured for a "loss" we cover under this Coverage Part, our obligations are limited as follows:

1. Excess Insurance

- a. This insurance is excess over any other valid and collectible insurance, whether primary, excess, contingent, or on any other basis available to the insured for any "wrongful act" which took place prior to the "policy period".
- b. This insurance is excess over any other valid and collectible insurance, whether primary, excess, contingent, or on any other basis available to any insured who is insured under this Coverage Part.
- c. When this insurance is excess, we will have the right but not the duty to defend the insured against any "claim".
- d. When this insurance is excess over other insurance, we will pay only our share of the amount of "loss", if any, that exceeds the sum of:
 - (1) The total amount that all such other insurance would pay for the "loss" in the absence of this insurance; and
 - (2) The total of all deductible and self-insured amounts under all that other insurance.

Other valid and collectible insurance includes, but is not limited to, policies or insurance programs purchased or established by or on behalf of an insured to insure against liability arising from activities of the insured and its "employees", including law enforcement personnel, whether primary, excess, contingent, or on any other basis. The person seeking coverage shall cooperate with us to determine the existence, availability and coverage of any such other insurance policy, insurance program or defense or indemnification arrangement.

Other valid and collectible insurance does not include any umbrella policy issued by us or any coverage specifically issued by us as excess over this policy. Nothing in this provision shall be construed to require any such umbrella or excess coverage issued by us to apply unless and until all other valid and collectible insurance is exhausted.

2. Method of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach, each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the "loss" remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

E. Representations

By accepting this policy, you agree:

1. The statements in the Declarations are accurate and complete;
2. Those statements are based upon representations you made to us; and
3. We have issued this policy in reliance upon your representations.

F. Two or More Coverage Parts, Coverage Forms, Endorsements or Policies Issued By Us

It is our stated intent that the various coverage parts, coverage forms, endorsements or policies issued to you by us, or any company affiliated with us; do not provide any duplication or overlap of coverage for the same "claim" or "suit". If this policy and any other coverage part or policy issued to you by us, or any company affiliated with us, apply to the same "wrongful act"; then the maximum Limit of Insurance under all such coverage parts or policies combined shall not exceed the highest applicable Limit of Insurance under any one coverage part or policy.

This condition does not apply to any Excess or Umbrella Policy issued by us specifically to apply as excess insurance over this policy.

G. Separation of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned to the first Named Insured, this insurance applies:

1. As if each Named Insured were the only Named Insured; and
2. Separately to each insured against whom a "claim" is made or "suit" is brought.

H. Transfer of Rights of Recovery against Others to Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after "loss" to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

I. Cancellation and Nonrenewal

If we decide not to renew or cancel your policy, the provisions outlined in the Commercial Umbrella Liability Coverage Form of the policy for such action shall apply and will automatically include the non-renewal or cancellation of this coverage form. You agree that no further notice regarding termination of this coverage form will be required.

J. Your Right of Claim and Wrongful Act Information

We will provide the first Named Insured shown in the Declarations the following information relating to this and any preceding Educators Legal Liability Claims-Made Coverage Part we have issued to you during the previous three years:

1. A list or other record of each "wrongful act" not previously reported to any other insurer, of which we were notified in accordance with Paragraph **B. Duties in the Event of Wrongful Act, Claim, or Suit** of this Section. We will include the date and brief description of the "wrongful act" if that information was in the notice we received.
2. A summary by policy year, of payments made and amounts reserved, stated separately under the applicable Aggregate for Each Annual Policy Year limit.

Amounts reserved are based on our judgment. They are subject to change and should not be regarded as ultimate settlement values.

You must not disclose this information to any claimant or claimant's representative without our consent.

If we cancel or elect not to renew this Coverage Part, we will provide such information no later than 30 days before the date of policy termination. In other circumstances, we will provide this information only if we receive a written request from the first Named Insured. In this case, we will provide this information within 45 days of receipt of the request.

We compile "claim" and "wrongful acts" information for our own business purposes and exercise reasonable care in doing so. In providing this information to the first Named Insured, we make no representations or warranties to

insureds, insurers, or others to whom this information is furnished by or on behalf of any insured. Cancellation or nonrenewal will be effective even if we inadvertently provide inaccurate or incomplete information.

K. Maintenance of Underlying Insurance

The Limits of Insurance listed in the Schedule of Underlying Insurance in the Declarations shall remain in full effect throughout the policy period except for reduction of the aggregate limit due to payment of claims, settlements or judgments.

You must notify us as soon as practicable when any Limit of Insurance is no longer in effect.

Failure to maintain the Limits of Insurance will not invalidate this insurance. However, the insurance will apply as if the Limits of Insurance were in full effect.

SECTION V – EXTENDED REPORTING PERIODS

A. We will provide one or more Extended Reporting Periods, as described below, if:

1. This Coverage Part is canceled or not renewed; or
2. We renew or replace this Coverage Part with insurance that:
 - a. Has a Retroactive Date later than the date shown in the Schedule of this Coverage Part; or
 - b. Does not apply to “loss” arising out of “wrongful acts” on a claims-made basis.

B. Extended Reporting Periods do not extend the “policy period” or change the scope of the coverage provided. They apply only to “claims” arising out of “wrongful acts” committed prior to the end of the “policy period”, but not before the Retroactive Date, if any, shown in the Schedule or Declarations. Once in effect, Extended Reporting Periods may not be canceled.

C. If we cancel or do not renew for any reason other than nonpayment of premium, an Automatic Extended Reporting Period will be provided without an additional premium. This period starts with the end of the “policy period” and lasts for 60 days with respect to “claims” arising out of “wrongful acts” committed prior to the end of the “policy period”, but not before the Retroactive Date, if any, shown in the Schedule or Declarations and not previously reported to us.

1. This Automatic Extended Reporting Period does not apply to “claims” that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to “claims”.

2. The Automatic Extended Reporting Period does not reinstate or increase the School and Educators Legal Liability Limits of Insurance.

D. If this Coverage Part is cancelled or not renewed, you shall have the right, upon payment of an additional premium, to an Optional Extended Reporting Period. This period starts with the end of the “policy period” with respect to “claims” arising out of “wrongful acts” committed prior to the end of the “policy period”, but not before the Retroactive Date, if any, shown in the Schedule or Declarations and not previously reported to us.

1. This Optional Extended Reporting Period does not apply to “claims” that are covered under any subsequent insurance you purchase, or that would be covered but for exhaustion of the amount of insurance applicable to “claims”.
2. The Optional Extended Reporting Period does not reinstate or increase the School and Educators Legal Liability Limits of Insurance.
3. You must give us a written request for the Optional Extended Reporting Period endorsement within 60 days following the date of cancellation or nonrenewal. The Optional Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due. If the cancellation or nonrenewal is for nonpayment of premium, this Optional Extended Reporting Period will not be provided unless any earned premium due is paid within 60 days after the effective date of such cancellation or expiration.
4. The available Optional Extended Reporting Periods and associated additional premiums are displayed in the table below.

Optional Reporting Period	Percent of Annual Premium
One Year	100%
Two Years	150%
Three Years	200%

E. In the event similar insurance is in force covering “claims” first made during the Extended Reporting Period, coverage provided by this Coverage Part shall be excess over any part of any other valid and collectable insurance available to the insured, whether primary, excess, and contingent or on any other basis, whose “policy period” begins or continues after our “policy period” ends.

SECTION VI – DEFINITIONS

A. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or

services for the purpose of attracting customers or supporters. For the purposes of this definition:

1. Notices that are published include material placed on the Internet or on similar electronic means of communication; and
 2. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an "advertisement".
- B.** "Bodily injury" means bodily injury, disability, sickness, or disease sustained by a person, including death resulting from any of these at any time. "Bodily injury" includes mental anguish or other mental injury resulting from "bodily injury".
- C.** "Claim" means:
1. A written demand for monetary damages; or
 2. A "suit" against an insured for a "wrongful act" to which this insurance applies.
- D.** "Coverage territory" means anywhere in the world with the exception of any country or jurisdiction which is subject to trade or other economic sanction or embargo by the United States of America.
- E.** "Defense Expenses" means payments allocated to a specific "claim" for investigation or defense including:
1. Any reasonable and necessary legal fees and expenses, including attorney fees and expert fees, incurred in the defense and appeal of a "claim";
 2. Reasonable and necessary fees of attorneys the insured retains when by mutual agreement or court order the insured is given the right to retain defense counsel to defend a "claim";
 3. The cost of appeal bonds or bonds to release attachments in any "claims" we are defending, but only for bond amounts within the applicable Limit of Insurance. We do not have to furnish these bonds;
 4. Costs taxed against the insured in the "claim"; and
 5. Up to \$500 per day per insured individual for reasonable expenses incurred for attendance at hearings, trials or depositions at our request or with our consent by such insured individual. Such payment shall not exceed \$5,000 in the aggregate for all insured individuals in each "claim".
- "Defense expenses" does not include:
6. Salaries, wages, fees, overhead or benefit expenses associated with any insured except as specified in Paragraph 5. above;
7. Salaries and expenses of our employees, including our employed attorneys, salaries and expense of the insured's "employees" (other than those described in Paragraph 5. above); or
 8. Any damages, including punitive damages, exemplary damages, multiplied damages, fines or penalties.
 9. Any amounts incurred in defense of a "claim" for which any other insurer has a duty to defend, regardless of whether or not such other insurer undertakes that duty.
- F.** "Domestic Partner" means any natural person qualifying as a domestic partner under the provisions of any applicable federal, state or local law or under the provisions of any formal program established by a Named Insured.
- G.** "Educational Institution" means the school or other educational institution named in the Declarations of this Coverage Part as legally constituted at the beginning of the "policy period".
- H.** "Employee" includes a "leased worker". "Employee" does not include a "temporary worker" but does include substitute teachers.
- "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
- "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.
- I.** "Loss" means a compensatory monetary award, settlement or judgment, including damages for which you may be required by law to indemnify an insured.
- However, "Loss" does not include:
1. Any sum awarded for punitive damages, exemplary damages, multiplied damages, taxes, fines or penalties imposed by law;
 2. The cost of compliance with injunctive or other non-monetary relief;
 3. The value of tuition and fees paid to you, including fees for room, board, laboratories, and other similar fees;
 4. The value of scholarships granted by you or from other sources.
- J.** "Outside organization" means any:
1. Nonprofit organization described in section 501(c)3 of the Internal Revenue Code of 1986 (as amended);

2. Other entity organized for a religious or charitable, educational purpose under any nonprofit organization act or statute.
- K.** "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:
1. False arrest, detention or imprisonment;
 2. Malicious prosecution;
 3. Wrongful entry, eavesdropping, eviction, trespass or other invasion of the right of private occupancy;
 4. Defamation, libel, slander, product disparagement, trade libel, infliction of emotional distress, outrage, outrageous conduct, or other tort related to disparagement or harm to the reputation or character of any person or organization;
 5. The use of another's advertising idea in your "advertisement"; or
 6. Infringing upon another's copyright, trade dress or slogan in your "advertisement"; or
 7. Invasion, intrusion or interference with the right of privacy or publicity, including false light, public disclosure of private information, or commercial appropriation of name or likeness.
- L.** "Policy Period" means the period beginning with the Inception Date shown in the Declarations and ending with the earlier of:
1. The date of cancellation of this policy; or
 2. The expiration date shown in the Declarations.
- M.** "Property damage" means:
1. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or
 2. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the occurrence that caused it.
- For the purposes of this insurance, electronic data is not tangible property.
- As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from, computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.
- N.** "School volunteer" means a person who is not your "employee" and who donates his or her works and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.
- O.** "Suit" means a civil proceeding in which "loss" because of a "wrongful act" to which this insurance applies is alleged. "Suit" includes:
1. An arbitration proceeding in which such "loss" is claimed and to which the insured must submit or does submit with our consent; or
 2. A formal administrative or regulatory proceeding established under federal, state or local laws and commenced by the filing of a notice of charges, formal investigative order or similar document; or
 3. Any other alternative dispute resolution proceeding in which such "loss" is claimed and to which the insured submits with our consent.
- P.** "Wrongful act" means any actual or alleged negligent act, error or omission, misstatement or misleading statement committed by any insured:
1. In the lawful discharge of the duties that are characteristic of, distinctive or inherent to, the operation and functioning of an educational institution; and
 2. While acting within the course and scope of their duties for the Named Insured.
- Q.** "Underlying Insurance" means the School and Educators Legal Liability Insurance listed in the Declarations under the schedule of underlying insurance.
- R.** "Ultimate net loss" means the total sum, after reduction for recoveries or salvages collectible, that the insured becomes legally obligated to pay as damages by reason of settlement, judgments or any award pursuant to arbitration or other alternate dispute method entered into with our consent or the underlying insurer's consent.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PUNITIVE DAMAGES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

This insurance does not apply to any sum awarded for punitive damages, exemplary damages, multiplied damages, taxes, fines, liquidated damages or penalties imposed by law.

"underlying insurance" for punitive damages described above exists or would have existed but for the exhaustion of underlying limits. Coverage provided will follow the provisions, exclusions and limitations of the "underlying insurance".

This exclusion does not apply to the extent that valid

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCESS EDUCATIONAL INSTITUTION LIMITED POLLUTION LIABILITY FOR CURRICULUM OR PROGRAM ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

- I. For the purpose of this endorsement, the following is added to **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Paragraph 2. **Exclusions, i. Pollution (1)**:

However, this paragraph does not apply to “bodily injury” or “property damage” arising out of activities and functions that are usual to instruction in the named insured’s educational curriculum or program occurring within non-residential buildings or structures, including swimming pools, on the named insured’s premises. This exception does not apply to building or structure design, operations, maintenance or repair.

- II. If the Total Pollution Exclusion endorsement **CU 2151** or **CU 2152** is made a part of this policy,

Paragraph I. above does not apply and the following is added to **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Paragraph 2. **Exclusions, i. Pollution (1)** as amended by either endorsement **CU 2151** or **CU 2152**:

However, this exclusion does not apply to “bodily injury” or “property damage” arising out of activities and functions that are usual to instruction in the named insured’s educational curriculum or program occurring within non-residential buildings or structures, including swimming pools, on the named insured’s premises. This exception does not apply to building or structure design, operations, maintenance or repair.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;
 - b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

COMMERCIAL UMBRELLA

EXCLUSION - LIMITED UNDERLYING COVERAGE

This insurance does not apply to any injury, damage, loss, cost or expense, including but not limited to "bodily injury", "property damage" or "personal and advertising injury" for which:

- a. An "underlying insurance" policy or policies provides coverage; but
- b. because of a provision within the "underlying insurance" such coverage is provided at a limit or limits of insurance that are less than the limit(s) for the "underlying insurance" policy or policies shown on the Schedule of Underlying Insurance Policies.

THE ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION

This endorsement modifies insurance provided under the following:

SCHOOL AND EDUCATORS LEGAL LIABILITY FOLLOW FORM COVERAGE PART

The following is added to **SECTION I – COVERAGES**, Paragraph **B. Exclusions**:

Recording and Distribution of Material or Information in Violation of Law

Any “claim” arising directly or indirectly out of any alleged “wrongful act” that violates or is alleged to violate:

- a. The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- b. The CAN-SPAM Act of 2003, including any

amendment of or addition to such law;

- c. The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- d. Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

INDIANA AMENDATORY ENDORSEMENT

This endorsement modifies insurance provided under the following:

LAW ENFORCEMENT PROFESSIONAL LEGAL LIABILITY FOLLOW FORM COVERAGE PART
SCHOOL AND EDUCATORS LEGAL LIABILITY FOLLOW FORM COVERAGE PART

- A.** The following is added to **SECTION I – COVERAGES**, Paragraph **B.21. Pollution** under **Exclusions** of the LAW ENFORCEMENT PROFESSIONAL LIABILITY COVERAGE PART and Paragraph **B.18. Pollution** under **Exclusions** of the SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART:

This pollution exclusion applies whether or not such irritant or contaminant has any function in your business, operations, premises, site or location.

- B.** The following is added to **SECTION IV – LAW ENFORCEMENT LEGAL LIABILITY CONDITIONS**, Paragraph **A. Bankruptcy** of the LAW ENFORCEMENT PROFESSIONAL LIABILITY COVERAGE PART and **SECTION IV – SCHOOL AND EDUCATORS LEGAL LIABILITY CONDITIONS**, Paragraph **A. Bankruptcy** the SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART:

In case execution against you is returned unsatisfied in an action brought by an injured person or his or her personal representative

because of an insolvency or bankruptcy, then an action in the nature of a writ of garnishment may be maintained by the injured person or his or her personal representative against us under and subject to the terms of this policy for the amount of the judgment not exceeding the amount of the policy.

- C.** The following is added to **SECTION IV – LAW ENFORCEMENT LEGAL LIABILITY CONDITIONS**, Paragraph **B. Duties in the Event of Law Enforcement Wrongful Act, Claim, or Suit** of the LAW ENFORCEMENT PROFESSIONAL LIABILITY COVERAGE PART and **SECTION IV – SCHOOL AND EDUCATORS LEGAL LIABILITY CONDITIONS** Paragraph **B. Duties in the Event of Wrongful Act, Claim, or Suit** of the SCHOOL AND EDUCATORS LEGAL LIABILITY COVERAGE PART:

References to notice in this section shall mean written notice given by you or on your behalf to any authorized agent of the insurer within the state, with particulars sufficient to identify you, shall be deemed to be notice to us.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**EXCLUSION – EMINENT DOMAIN, INVERSE
CONDEMNATION, ADVERSE POSSESSION**

This endorsement modifies insurance provided under the following:

SCHOOL AND EDUCATORS LEGAL LIABILITY FOLLOW FORM COVERAGE PART

The following is added to **SECTION I – COVERAGES**,
Paragraph **B. Exclusions**:

**Eminent Domain, Inverse Condemnation, Adverse
Possession**

This insurance does not apply to any "claim" arising

out of eminent domain, inverse condemnation, or
condemnation proceedings, adverse possession or
dedication by adverse use, or by whatever name
called, whether such liability accrues directly against
any insured or by virtue of any agreement entered into
by or on behalf of any insured.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION – TAX ASSESSMENT

This endorsement modifies insurance provided under the following:

SCHOOL AND EDUCATORS LEGAL LIABILITY FOLLOW FORM COVERAGE PART

The following is added to **SECTION I – COVERAGES**,
Paragraph **B. Exclusions**:

Tax Assessment

This insurance does not apply to any "claim" arising
out of:

1. Any tax assessment or adjustments;
2. The collection, refund, disbursement or application of any taxes;
3. Failure to anticipate tax revenue shortfalls; or
4. Guarantee on bond issues.

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

EXCESS BROADENED BODILY INJURY AND PROPERTY DAMAGE FOR EDUCATIONAL INSTITUTIONS

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY, Paragraph 2. **Exclusions,** item **a.** is replaced by the following:

- a.** “Bodily injury” or “property damage” expected or intended from the standpoint of the insured.

This exclusion does not apply to:

- (1)** “Bodily injury” or “property damage” resulting from the use of reasonable force to protect persons or property, or

- (2)** “Bodily injury” resulting from the use of reasonable force to restrain or remove a student whose behavior is interfering with the orderly exercise and performance of the Named Insured's function, duties and powers, if that student has refused to comply with a request to refrain from further disruptive acts and if such reasonable force is administered in compliance with your rules and regulations.

ALL OTHER TERMS, CONDITIONS, AND EXCLUSIONS REMAIN UNCHANGED.

COMMERCIAL LIABILITY UMBRELLA
CU 21 55 06 08

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDED TERRORISM COVERAGE – COVERED AUTOS

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

SCHEDULE

CU 21 31 – Exclusion Of Other Acts Of Terrorism Committed Outside The United States; Cap On Losses From Certified Acts Of Terrorism

CU 21 33 – Exclusion Of Certified Acts Of Terrorism

CU 21 35 – Exclusion Of Certified Acts Of Terrorism And Exclusion Of Other Acts Of Terrorism Committed Outside The United States

CU 21 36 – Exclusion Of Punitive Damage Related To A Certified Act Of Terrorism

CU 21 40 – Exclusion Of Certified Acts Of Nuclear, Biological, Chemical Or Radiological Terrorism; Cap On Losses From Certified Acts Of Terrorism

- A.** If any of the endorsements shown in the Schedule are attached to the policy, those endorsements do not apply to "bodily injury" or "property damage" arising out of the ownership, maintenance or use of any "auto" which is a "covered auto".
- B.** With respect to "bodily injury" or "property damage" arising out of the ownership, maintenance or use of any "auto" which is a "covered auto", coverage provided under this Coverage Part for acts of terrorism (however defined) will follow the provisions, exclusions and limitations of the "underlying insurance" unless otherwise directed by this insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ THIS CAREFULLY.

EXCESS INCIDENTAL PROFESSIONAL LIABILITY COVERAGE FOR SCHOOLS ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

- A.** For the purpose of this Endorsement only, the following is added to **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Paragraph 1. **Insuring Agreement:**

Incidental Professional Services Liability

- a.** We will pay on behalf of the insured the "ultimate net loss" in excess of the "retained limit" because of "bodily injury" arising out of the rendering of or failure to render "covered incidental professional services" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages when the "underlying insurance" does not provide coverage or the limits of "underlying insurance" have been exhausted. When we have no duty to defend, we will have the right to defend, or to participate in the defense of, the insured against any other "suit" seeking damages to which this insurance may apply. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any resultant claim or "suit" for which we have the duty to defend. But:

- (1) The amount we will pay for the "ultimate net loss" is limited as described in **SECTION III – LIMITS OF INSURANCE**; and
- (2) Our right and duty to defend ends when we have used up the applicable Limit of Insurance in the payment of judgments or settlements under **COVERAGES A or B**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under **SUPPLEMENTARY PAYMENTS – COVERAGES A AND B**.

- b.** This insurance applies to "bodily injury" arising out of the rendering of or failure to render "covered incidental professional services" only if:

- (1) The "bodily injury" is caused by an "occurrence" that takes place in the "coverage territory";
 - (2) The "bodily injury" occurs during the policy period; and
 - (3) Prior to the policy period, no insured listed under Paragraph 1. of **SECTION II – WHO IS AN INSURED** and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" occurred, then any continuation, change or resumption of such "bodily injury" during or after the policy period will be deemed to have been known prior to the policy period.
- c.** "Bodily injury" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of **SECTION II – WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" after the end of the policy period.
- d.** "Bodily injury" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of **SECTION II – WHO IS AN INSURED** or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:
- (1) Reports all, or any part, of the "bodily injury" to us or any other insurer;
 - (2) Receives a written or verbal demand or claim for damages because of the "bodily injury"; or
 - (3) Becomes aware by any other means that "bodily injury" has occurred or has begun to occur.
- e.** Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

- B. For the purpose of this Endorsement only, the following is added to **SECTION I – COVERAGES, COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY**, Paragraph 2. Exclusions:

Infirmiry, Clinic or Hospital

"Bodily injury", "property damage", or "personal and advertising injury" arising out of the following services if the insured owns or operates an infirmiry with facilities for lodging and treatment, or a clinic or hospital:

- a. The rendering of or failure to render:
 - (1) Medical, surgical, dental, x-ray or nursing service, treatment, advice or instruction, or the related furnishing of food or beverages;
 - (2) Any health or therapeutic service, treatment, advice or instruction; or
 - (3) Any service, treatment, advice or instruction for the purpose of appearance or skin enhancement, hair removal or replacement or personal grooming;
- b. The furnishing or dispensing of drugs or medical, dental or surgical supplies or appliances; or
- c. The handling or treatment of dead bodies, including autopsies, organ donation or other procedures.

Abuse and Molestation

"Bodily injury", "property damage", or "personal and advertising injury" arising out of:

- a. The actual or threatened abuse or molestation by anyone of any person while in the care, custody or control of any insured, regardless whether the abuse or molestation was specifically intended or resulted from negligent conduct, or
- b. The negligent:
 - (1) Employment;
 - (2) Investigation;
 - (3) Supervision;
 - (4) Reporting to the proper authorities, or failure to so report; or
 - (5) Retention

of a person for whom any insured is or ever was legally responsible and whose conduct would be excluded by Paragraph (1) above.

- C. For the purpose of this Endorsement only, the following is added to **SECTION II – WHO IS AN INSURED**, Paragraph 1.b.(1)(a):

(iv) Arising out of his or her providing or failing to provide professional health care or educational counseling services that are

not "covered incidental professional services".

- D. For the purpose of this Endorsement only, the following is added to **SECTION V – DEFINITIONS**:

“Covered Incidental Professional Services” means professional health care or educational counseling services provided to your employees or students and incidental to the operation of your educational institution. This includes nursing, psychological, psychometric, guidance counseling, athletic training, speech, hearing, occupational or physical therapy services, treatment, advice or instruction. This includes the furnishing of food, beverages, medications, or appliances in connection with such services. This does not include health care services provided in an insured owned or operated infirmiry with facilities for lodging and treatment, or a clinic or hospital.

Except as modified in this endorsement, all other terms and conditions of the policy to which this endorsement is attached will apply.

POLICY NUMBER:

COMMERCIAL LIABILITY UMBRELLA
CU 04 03 12 07**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****EMPLOYEE BENEFITS LIABILITY COVERAGE****THIS ENDORSEMENT PROVIDES CLAIMS-MADE COVERAGE.
PLEASE READ THE ENTIRE ENDORSEMENT CAREFULLY.**

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

SCHEDULE

Additional Covered Employee Benefits Programs	
Not Applicable	
Limit Of Insurance	Retained Limit
\$9000000 Each Employee	\$1,000,000
\$9000000 Aggregate	
Retroactive Date: 09/03/2002	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. The following is added to **Section I – Coverages:****COVERAGE – EMPLOYEE BENEFITS
LIABILITY****1. Insuring Agreement**

- a. We will pay on behalf of the insured the "ultimate net loss" in excess of the "retained limit" because of any act, error or omission, of the insured, or of any other person for whose acts the insured is legally liable, to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking damages for such an act, error or omission when the "underlying insurance" does not provide coverage or the limits of "underlying insurance" have been exhausted. However, we will have no duty to defend the insured against any "suit" seeking damages to which this insurance does not apply. At our discretion, we may investigate any report of an act, error or omission and settle any resultant "claim" or "suit", for which we have a duty to defend. But:

- (1) The amount we will pay for "ultimate net loss" is limited as described in Paragraph **D.** (Section **III** - Limits Of Insurance); and

- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments.

b. This insurance applies only if:

- (1) The act, error or omission, is negligently committed in the "administration" of your "employee benefit program";
- (2) The act, error or omission, did not take place before the Retroactive Date, if any, shown in the Schedule nor after the end of the policy period; and
- (3) A "claim" for damages, because of an act, error or omission, is first made against any insured, in accordance with Paragraph **c.** below, during the policy period or an Extended Reporting Period we provide under Paragraph **F.** of this endorsement.

c. A "claim" seeking damages will be deemed to have been made at the earlier of the following times:

- (1) When notice of such "claim" is received and recorded by any insured or by the "underlying insurer" or us if the limits of the "underlying insurance" have been used up, whichever comes first; or
- (2) When we make settlement in accordance with Paragraph 1.a. above or settlement is made by the "underlying insurer" with our agreement.

A "claim" received and recorded by the insured within 60 days after the end of the policy period will be considered to have been received within the policy period, if no subsequent policy is available to cover the claim.

d. All "claims" for damages made by an "employee" because of any act, error or omission, or a series of related acts, errors or omissions, including damages claimed by such "employee's" dependents and beneficiaries, will be deemed to have been made at the time the first of those "claims" is made against any insured.

2. Exclusions

This insurance does not apply to:

a. Dishonest, Fraudulent, Criminal Or Malicious Act

Damages arising out of any intentional, dishonest, fraudulent, criminal or malicious act, error or omission, committed by any insured, including the willful or reckless violation of any statute.

b. Bodily Injury, Property Damage, Or Personal And Advertising Injury

"Bodily injury", "property damage" or "personal and advertising injury".

c. Failure To Perform A Contract

Damages arising out of failure of performance of contract by any insurer.

d. Insufficiency Of Funds

Damages arising out of an insufficiency of funds to meet any obligations under any plan included in the "employee benefit program".

e. Inadequacy Of Performance Of Investment/Advice Given With Respect To Participation

Any "claim" based upon:

- (1) Failure of any investment to perform;
- (2) Errors in providing information on past performance of investment vehicles; or
- (3) Advice given to any person with respect to that person's decision to participate or not to participate in any plan included in the "employee benefit program".

f. Workers' Compensation And Similar Laws

Any "claim" arising out of your failure to comply with the mandatory provisions of any workers' compensation, unemployment compensation insurance, social security or disability benefits law or any similar law.

g. ERISA

Damages for which any insured is liable because of liability imposed on a fiduciary by the Employee Retirement Income Security Act of 1974, as now or hereafter amended, or by any similar federal, state or local laws.

h. Available Benefits

Any "claim" for benefits to the extent that such benefits are available, with reasonable effort and cooperation of the insured, from the applicable funds accrued or other collectible insurance.

i. Taxes, Fines Or Penalties

Taxes, fines or penalties, including those imposed under the Internal Revenue Code or any similar state or local law.

j. Employment-Related Practices

Damages arising out of wrongful termination of employment, discrimination, or other employment-related practices.

B. For the purposes of the coverage provided by this endorsement:

1. All references to Supplementary Payments – Coverages **A** and **B** are replaced by Supplementary Payments – Coverages **A**, **B** and **Employee Benefits Liability**.
2. Paragraphs **1.b.** and **3.** of the Supplementary Payments provision do not apply.

- C.** For the purposes of the coverage provided by this endorsement, Paragraphs **1.b.** and **1.c.** of **Section II – Who Is An Insured** are replaced by the following:
- 1.** Except for liability arising out of the ownership, maintenance, or use of "covered autos":
 - b.** Each of the following is also an insured:
 - (1)** Each of your "employees" who is or was authorized to administer your "employee benefit program".
 - (2)** Any persons, organizations or "employees" having proper temporary authorization to administer your "employee benefit program" if you die, but only until your legal representative is appointed.
 - (3)** Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this endorsement.
 - c.** Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if no other similar insurance applies to that organization. However:
 - (1)** Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier.
 - (2)** Coverage under this provision does not apply to any act, error or omission that was committed before you acquired or formed the organization.
- D.** For the purposes of the coverage provided by this endorsement, **Section III – Limits Of Insurance** is replaced by the following:
- 1.** Our obligation to pay damages on behalf of the insured applies only to the amount of "ultimate net loss" in excess of the "retained limit" shown in the Schedule of this endorsement. If there is "underlying insurance" with a policy period that is non-concurrent with the policy period of this endorsement, the "retained limit" will only be reduced or exhausted by "claims" for that insurance that are made during the policy period or the Extended Reporting Period of this endorsement.
- 2.** The Limits of Insurance shown in the Schedule and the rules below fix the most we will pay regardless of the number of:
 - (a)** Insureds;
 - (b)** "Claims" made or "suits" brought;
 - (c)** Persons or organizations making "claims" or bringing "suits";
 - (d)** Acts, errors or omissions; or
 - (e)** Benefits included in your "employee benefit program".
 - 3.** The Aggregate Limit is the most we will pay for the sum of all "ultimate net loss" because of acts, errors or omissions negligently committed in the "administration" of your "employee benefit program".
 - 4.** Subject to the Aggregate Limit, the Each Employee Limit is the most we will pay for the sum of all "ultimate net loss" for damages sustained by any one "employee", including damages sustained by such "employee's" dependents and beneficiaries, as a result of:
 - (a)** An act, error or omission; or
 - (b)** A series of related acts, errors or omissions; negligently committed in the "administration" of your "employee benefit program".

However, the amount paid under this endorsement shall not exceed, and will be subject to, the limits and restrictions that apply to the payment of benefits in any plan included in the "employee benefit program".

The Limits of Insurance of this endorsement apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations of the policy to which this endorsement is attached, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

E. For the purposes of the coverage provided by this endorsement, Condition 3. of **Section IV – Commercial Liability Umbrella Conditions** is replaced by the following:

3. Duties In The Event Of An Act, Error Or Omission, Or "Claim" Or "Suit"

- a. You must see to it that we are notified as soon as practicable of an act, error or omission which may result in a "claim". To the extent possible, notice should include:
 - (1) What the act, error or omission was and when it occurred; and
 - (2) The names and addresses of anyone who may suffer damages as a result of the act, error or omission.
- b. If a "claim" is made or "suit" is brought against any insured, you must:
 - (1) Immediately record the specifics of the "claim" or "suit" and the date received; and
 - (2) Notify us as soon as practicable.

You must see to it that we receive written notice of the "claim" or "suit" as soon as practicable.
- c. You and any other involved insured must:
 - (1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "claim" or "suit";
 - (2) Authorize us to obtain records and other information;
 - (3) Cooperate with us in the investigation or settlement of the "claim" or defense against the "suit"; and
 - (4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of an act, error or omission to which this insurance may also apply.
- d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation or incur any expense without our consent.

F. For the purposes of the coverage provided by this endorsement, the following Extended Reporting Period provisions are added, or, if this endorsement is attached to a claims-made Coverage Part, replace any similar Section in that Coverage Part.

EXTENDED REPORTING PERIOD

1. You will have the right to purchase an Extended Reporting Period, as described below, if:
 - a. This endorsement is canceled or not renewed; or
 - b. We renew or replace this endorsement with insurance that:
 - (1) Has a Retroactive Date later than the date shown in the Schedule of this endorsement; or
 - (2) Does not apply to an act, error or omission on a claims-made basis.
2. The Extended Reporting Period does not extend the policy period or change the scope of coverage provided. It applies only to "claims" for acts, errors or omissions that were first committed before the end of the policy period but not before the Retroactive Date, if any, shown in the Schedule. Once in effect, the Extended Reporting Period may not be canceled.
3. An Extended Reporting Period of five years is available, but only by an endorsement and for an extra charge.

You must give us a written request for the endorsement within 60 days after the end of the policy period. The Extended Reporting Period will not go into effect unless you pay the additional premium promptly when due.

We will determine the additional premium in accordance with our rules and rates. In doing so, we may take into account the following:

 - a. The "employee benefit programs" insured;
 - b. Previous types and amounts of insurance;
 - c. Limits of insurance available under this endorsement for future payment of damages; and
 - d. Other related factors.

The additional premium will not exceed 100% of the annual premium for this endorsement.

The Extended Reporting Period endorsement applicable to this coverage shall set forth the terms, not inconsistent with this Section, applicable to the Extended Reporting Period, including a provision to the effect that the insurance afforded for "claims" first received during such period is excess over any other valid and collectible insurance available under policies in force after the Extended Reporting Period starts.

4. If the Extended Reporting Period is in effect, we will provide an extended reporting period aggregate limit of insurance described below, but only for claims first received and recorded during the Extended Reporting Period.

The extended reporting period aggregate limit of insurance will be equal to the dollar amount shown in the Schedule of this endorsement under Limits Of Insurance.

Paragraph **D.3.** of this endorsement will be amended accordingly. The Each Employee Limit shown in the Schedule will then continue to apply as set forth in Paragraph **D.4.**

- G.** For the purposes of the coverage provided by this endorsement, the following definitions are added to the **Definitions** Section:

1. "Administration" means:
- a. Providing information to "employees", including their dependents and beneficiaries, with respect to eligibility for or scope of "employee benefit programs";
 - b. Handling records in connection with the "employee benefit program"; or
 - c. Effecting, continuing or terminating any "employee's" participation in any benefit included in the "employee benefit program".

However, "administration" does not include handling payroll deductions.

2. "Cafeteria plans" means plans authorized by applicable law to allow employees to elect to pay for certain benefits with pre-tax dollars.
3. "Claim" means any demand, or "suit", made by an "employee" or an "employee's" dependents and beneficiaries, for damages as the result of an act, error or omission.

4. "Employee benefit program" means a program providing some or all of the following benefits to "employees", whether provided through a "cafeteria plan" or otherwise:

- a. Group life insurance, group accident or health insurance, dental, vision and hearing plans, and flexible spending accounts, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to those "employees" who satisfy the plan's eligibility requirements;
- b. Profit sharing plans, employee savings plans, employee stock ownership plans, pension plans and stock subscription plans, provided that no one other than an "employee" may subscribe to such benefits and such benefits are made generally available to all "employees" who are eligible under the plan for such benefits;
- c. Unemployment insurance, social security benefits, workers' compensation and disability benefits;
- d. Vacation plans, including buy and sell programs; leave of absence programs, including military, maternity, family, and civil leave; tuition assistance plans; transportation and health club subsidies; and
- e. Any other similar benefits designated in the Schedule or added thereto by endorsement.

- H.** For the purposes of the coverage provided by this endorsement, Definitions **6.** and **21.** in the **Definitions** Section are replaced by the following:

6. "Employee" means a person actively employed, formerly employed, on leave of absence or disabled, or retired. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
21. "Suit" means a civil proceeding in which damages because of an act, error or omission to which this insurance applies are alleged. "Suit" includes:
 - a. An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
 - b. Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

**COMMERCIAL LIABILITY UMBRELLA
CU 00 04 05 09**

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

A. Exclusion u. of Paragraph 2. Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability is replaced by the following:

2. Exclusions

This insurance does not apply to:

u. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

B. Exclusion a.(17) of Paragraph 2. Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability is replaced by the following:

2. Exclusions

This insurance does not apply to:

a. "Personal and advertising injury":

(17) Recording And Distribution Of Material Or Information In Violation Of Law

Arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (a) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (b) The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (c) The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (d) Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

COMMERCIAL UMBRELLA

TRAMPOLINE OR REBOUNTING DEVICE EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL LIABILITY UMBRELLA COVERAGE PART

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" arising out of the ownership, operation, maintenance or use by any person of any "rebounding device".

For the purposes of this endorsement, "rebounding device" includes but is not limited to trampolines, mini trampolines, slingshot trampolines, pitch backs, and bungee cord jumping.



PO BOX 40790
LANSING, MI 48901-7990

CHRISTEL HOUSE ACADEMY INC
2717 S EAST ST
INDIANAPOLIS IN 46225

Welcome to Accident Fund!

As the WorkSafe People, we're experts at helping our customers keep their workers safe and their costs down. A trusted name in workers compensation since 1912, Accident Fund is financially strong and stable; rated "A" (Excellent) by A.M. Best and a wholly-owned subsidiary of Accident Fund Holdings, Inc., the 9th largest workers compensation insurer in the country. Together we will share the goal of providing the safest work environment and quality care for your employees.

Website Access and Online Payments - As an Accident Fund policyholder, you now have access to our secured policyholder website. The site provides links to paying your bills online, claims reporting, useful forms, and our WorkSafe Toolbox, which provides you access to tip sheets, online safety training modules, marketing materials and more. We've also partnered with CLMI Safety Training to provide a wide variety of low-cost safety-training videos from our online library.

To access the website for the first time, go to www.accidentfund.com, and click on Login under the policyholder section and then select "First Time Login". You will need your policy number, Federal Employer Identification Number (FEIN) and your policy expiration date to register, which are all available on your policy. Once the account has been confirmed, you will be presented with a profile screen where you'll choose a username and password. If you are the first user from your business to register on the site, you will be designated as a Security Administrator. This designation allows you to grant other users at your organization access to available applications, which can be done using the Security Administrator tools.

Accident Fund's Online Claims Reporting - Our online claims reporting makes reporting a claim fast and easy. Simply go to www.accidentfund.com and click on the Report a New Claim icon. It will take you directly to our First Report of Injury form, which can be filled out and submitted online.

When Injury Occurs

1. In the event of a workplace injury, always take care of the employee first. If it's an emergency, dial 9-1-1 immediately.
2. Contact Accident Fund's Claims Express service within 24 hours. **To expedite claims reporting, please utilize our website.**
3. Communicate with your injured employees.

Online - www.accidentfund.com

E-mail - ClaimsExpress@accidentfund.com

Fax - 1-866-814-5595

Phone - 1-866-206-5851

Important information for filing a claim:

- Date of accident
- Employee's last day of work
- Policy number
- Expected return-to-work date
- Claim reported by: name, job, title, phone
- Type of injury
- Employee's Social Security number
- How the accident happened?
- Employee's full name, address, phone
- Date injury was reported to employer
- Employee's hire date and date of birth
- Employee's supervisor's name and phone

WorkSafe Care Pharmacy Program: This efficient and simple to use program eliminates up-front prescription costs to the injured worker and ensures that prescriptions are directly related to the workplace injury. The pharmacy program reduces employers' costs by up to 38%.

Loss Control Services: We provide your business access to a wide array of loss control services and online safety materials. Our experienced WorkSafe Consultants are in the field providing workplace assessments to identify job hazards, ergonomic and personal protective equipment enhancements, and loss trend analysis. Our no-cost safety training modules are accessible 24/7 for your employees, and loss control booklets and other printed materials are available on our website.

Translation Services: Accident Fund provides language translation services for your non-English-speaking employees. When you call Accident Fund with the first report of injury, inform your customer service associate that the injured employee speaks a language other than English.

Fraud Reporting: If you or an employee suspects workers compensation fraud, contact our anonymous tip-line at 1-800-944-FRAUD (3728). All calls are confidential.



www.accidentfund.com

WORKER'S COMPENSATION NOTICE

Your employer is required to provide for payment of benefits under the Worker's Compensation Act of the State of Indiana.

Any employee who is injured while at work should report the injury immediately to their supervisor, employer, or designated representative.

The worker's compensation insurance carrier or the administrator for

CHRISTEL HOUSE ACADEMY INC
(name of company)

is

ACCIDENT FUND INS CO OF AMER
(name of insurance carrier or administrator)

ACCIDENT FUND INS CO OF AMER

(name of carrier/administrator)

PO BOX 40790

(mailing address)

LANSING, MI 48901-7990

(city, state, zip)

866-206-5851

(telephone number)

Client Support Representative

(contact person)

For more information about rights or procedures under the Indiana Worker's Compensation system, call or write:

**Worker's Compensation Board of Indiana
Ombudsman Division
402 W. Washington St., Rm W196
Indianapolis, IN 46204
(317) 232-3808
1-800-824-2667**

NOTICIA DE COMPENSACION PARA TRABAJADORES

A su empleador le es requerido proveer pagos de beneficios bajo el Acta de Compensación para Trabajadores del Estado de Indiana.

Cualquier empleado que sea lesionado mientras esté trabajando debe reportar el accidente laboral inmediatamente a su supervisor, empleador o representante designado.

La compañía de seguro de compensación del trabajador o el administrador de la compañía

CHRISTEL HOUSE ACADEMY INC es:

(nombre de la compañía)

ACCIDENT FUND INS CO OF AMER

(nombre de la compañía de seguro/administrador)

PO BOX 40790

(dirección)

LANSING, MI 48901-7990

(ciudad, estado, código postal)

866-206-5851

(número de teléfono)

Client Support Representative

(persona de contacto)

Para más información acerca de sus derechos o los procedimientos bajo el sistema de compensación para trabajadores de Indiana, llame o escriba a:

**Worker's Compensation Board of Indiana
Ombudsman Division
402 W. Washington St., Rm W196
Indianapolis, IN 46204
(317) 232-3808
1-800-824-2667**

Insured:

CHRISTEL HOUSE ACADEMY INC
2717 S EAST ST
INDIANAPOLIS IN 46225

Agent:

GREGORY & APPEL INSURANCE
1402 N CAPITOL AVE STE 400
INDIANAPOLIS IN 46202

Policy Number: WCV 6062359 02 01

Telephone: 317-634-7491

Effective Date: 01/01/2012

Expiration Date: 01/01/2013

For billing questions please call 1-866-206-5851

<u>Date</u>	<u>Type</u>	<u>Amount</u>	<u>Previously Paid</u>	<u>Amount Due Now</u>
01/01/2012	DEPOSIT	\$1,800.50		\$0.00
04/01/2012	INSTALLMENT	\$1,750.50		\$0.00
07/01/2012	INSTALLMENT	\$1,750.50		\$0.00
10/01/2012	INSTALLMENT	\$1,750.50		\$0.00

THIS IS NOT A BILL. Please do not remit payment at this time.

To make payments online, visit www.accidentfund.com

Important information about your workers compensation policy

Please review the following questions closely.

Your workers compensation insurance policy has been renewed based upon the assumption that the following items have not changed.

Does the applicant work underground, or above or below 15 feet?

Is 50% or more of the work subcontracted out to others?

Does the risk lease his employees?

Does the risk have a permanent location or an out of state employee that is not working in the state of operations?

Is there any interchange of labor with other entities?

Is any work performed on water, vessels, docks or bridges?

Does the risk own or operate an aircraft or watercraft?

Is the business a 24-hour operation?

If any of the above factors changed in the last year, please contact your agent immediately since this may affect your policy's status.

Thank you.





Workers Compensation and Employers Liability Insurance Policy

Policy Number	Policy Period	
	From	To
WCV 6062359	01/01/2012	01/01/2013
12:01 A.M. Standard Time at the described location		

Transaction

INFORMATION PAGE
RENEWAL OF POLICY WCV 6062359

Named Insured and Address	Agent
CHRISTEL HOUSE ACADEMY INC 2717 S EAST ST INDIANAPOLIS IN 46225	GREGORY & APPEL INSURANCE 1402 N CAPITOL AVE STE 400 INDIANAPOLIS IN 46202
	Telephone: 317-634-7491 0005014

Other Workplaces Not Shown Above: See schedule attached
Extended Named Insured: Absence of an entry means no exception

Interstate ID:	Intrastate ID:
Insured Is: NON-PROFIT CORP	FEIN # 020550824
Bureau/Risk ID: 130375413	NCCI #: 19968
Unemployment Id Number:	

ITEM 2. POLICY PERIOD is from 12:01 A.M., 01/01/2012 to 12:01 A.M., 01/01/2013 Standard Time at the insured's mailing address.

- ITEM 3. COVERAGE**
- A. Workers Compensation Insurance:** Part One of the policy applies to the Workers Compensation Law of the states listed here: IN
 - B. Employers Liability Insurance:** Part TWO of the policy applies to work in each state listed in Item 3A. The limits of our liability under Part TWO are:

Bodily Injury by Accident	\$	1,000,000	each accident
Bodily Injury by Disease	\$	1,000,000	policy limit
Bodily Injury by Disease	\$	1,000,000	each employee
 - C. Other States Insurance:** Part Three of the policy applies to the states, if any, listed here: All states and U.S. territories except monopolistic states, Puerto Rico, the U.S. Virgin Islands, and states designated in Item 3. A. of the Information Page.

- D. This policy includes these endorsements and schedules:**
- | | | | |
|------------------|------------------|------------------|------------------|
| DISCLOSUR (9/10) | WC000000B (7/11) | WC000310 (4/84) | WC000404 (4/84) |
| WC000414 (7/90) | WC000419 (1/01) | WC000421C (9/08) | WC000422A (9/08) |

ITEM 4. PREMIUM
The premium for this policy will be determined by our Manuals of Rules, Classifications, Rates, and Rating Plans. All information required below is subject to verification and change by audit.

C L A S S I F I C A T I O N S

SEE SCHEDULE OF CLASSIFICATIONS ON FOLLOWING PAGE(S)

Minimum Premium	Deposit Premium	Total Estimated Annual Premium	Premium Adjustment Period:
\$321	\$7,052	\$7,052	Annual - Reporting



Workers Compensation and Employers Liability Insurance Policy

Policy Number	Policy Period From	To
WCV 6062359	01/01/2012	01/01/2013 12:01 A.M. Standard Time at the described location

Transaction	
INFORMATION PAGE RENEWAL OF POLICY WCV 6062359	
Named Insured and Address	Agent
CHRISTEL HOUSE ACADEMY INC 2717 S EAST ST INDIANAPOLIS IN 46225	GREGORY & APPEL INSURANCE 1402 N CAPITOL AVE STE 400 INDIANAPOLIS IN 46202 Telephone: 317-634-7491
	0005014

SCHEDULE OF CLASSIFICATIONS:

C L A S S I F I C A T I O N S	CODE NO	PREM BASIS ESTIMATED REMUNERATION	RATE PER \$100	ESTIMATED ANNUAL PREMIUM
<u>STATE: Indiana</u>				
RELIGIOUS ORGANIZATION PROFESSIONAL EMPLOYEES & CL	8868	2,563,238	0.31000	7,946
Subtotal State Premium				\$ 7,946
EXPENSE CONSTANT	0900			250
IN SECOND INJURY FUND SURCHARGE	0935	7,002	1.00720	50
WEBEXPRESS CREDIT	9722	6,914	0.95000	- 346
RENEWAL CREDIT	9722	6,568	0.95000	- 328
TERRORISM	9740	2,563,238	0.01000	256
CATASTROPHE	9741	2,563,238	0.01000	256
INCR LIMITS OF EMPLOYERS LIAB	9812	7,946	0.02800	222
SCHEDULE CREDIT	9887	7,515	0.92000	- 601
EXPERIENCE MODIFICATION	9898	8,168	0.92000	- 653
Total State Premium				\$ 7,052
Total Estimated Premium				\$ 7,052



**Workers Compensation and Employers Liability
Insurance Policy**

Policy Number	Policy Period	
	From	To
WCV 6062359	01/01/2012 12:01 A.M. Standard Time at the described location	01/01/2013

Transaction	
INFORMATION PAGE RENEWAL OF POLICY WCV 6062359	
Named Insured and Address	Agent
CHRISTEL HOUSE ACADEMY INC 2717 S EAST ST INDIANAPOLIS IN 46225	GREGORY & APPEL INSURANCE 1402 N CAPITOL AVE STE 400 INDIANAPOLIS IN 46202 Telephone: 317-634-7491
	0005014

SCHEDULE OF COVERED WORKPLACES

Address

CHRISTEL HOUSE ACADEMY INC
2717 S EAST ST
INDIANAPOLIS IN 46225-2104



Web Express Claims Credit Information

You have chosen to accept the web express credit for this policy. By accepting this credit, the premium for this policy has been reduced by 5%.

You have also agreed to report your claims within 24 hours of injury.

In order to continue to receive the 5% premium reduction you must continue to report 90% of claims within 24 hours of injury for the term of this policy.

If you have questions regarding this credit, please contact our Customer Service Representatives at 866-206-5851.

**WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY
QUICK REFERENCE**

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IMPORTANT This Quick Reference is **not** part of the Workers Compensation and Employers Liability Policy and does **not** provide coverage. Refer to the Workers Compensation and Employers Liability Policy itself for actual contractual provisions.

PLEASE READ THE WORKERS COMPENSATION AND EMPLOYERS LIABILITY POLICY CAREFULLY.



Privacy Policy & Disclosure Notice

To our customers

Accident Fund (the "Company") does not disclose any non-public personal information about our individual policyholders, applicants, claimants, customers or former customers to any affiliated and any non-affiliated third party other than those permitted by law and only for the purpose of transacting the business of your insurance coverage or policy.

What kinds of information do we collect and from whom?

The Company obtains most of its information directly from you and/or your agent to help us serve your insurance needs, conduct Company business, provide customer service and fulfill legal and regulatory requirements. We may also review claims information and obtain medical or financial information to adjust some claims.

What do we do with the information collected about you?

The information we obtain about you is kept internal to the Company except when needed to verify the information provided, to service your policy or claim, or as required or permitted by law. The information is not available to the general public. We do not share any medical information about you or about claimants under your insurance policy to anyone other than to conduct our insurance business or as permitted by law.

What safeguards do we use?

The Company maintains physical, electronic and procedural safeguards that comply with state and federal regulations in order to guard the information about you.

For a copy of our Privacy Disclosure:

Visit our website: www.accidentfund.com

Call toll-free: 1-866-206-5851

Write:

Accident Fund
Office of the General Counsel
Attn: Privacy Officer
PO Box 40790
Lansing, MI 48901-7990

WORKERS COMPENSATION AND EMPLOYERS LIABILITY INSURANCE POLICY

In return for the payment of the premium and subject to all terms of this policy, we agree with you as follows:

GENERAL SECTION
A. The Policy

This policy includes at its effective date the Information Page and all endorsements and schedules listed there. It is a contract of insurance between you (the employer named in Item 1 of the Information Page) and us (the insurer named on the Information Page). The only agreements relating to this insurance are stated in this policy. The terms of this policy may not be changed or waived except by endorsement issued by us to be part of this policy.

B. Who is Insured

You are insured if you are an employer named in Item 1 of the Information Page. If that employer is a partnership, and if you are one of its partners, you are insured, but only in your capacity as an employer of the partnership's employees.

C. Workers Compensation Law

Workers Compensation Law means the workers or workmen's compensation law and occupational disease law of each state or territory named in Item 3.A. of the Information Page. It includes any amendments to that law which are in effect during the policy period. It does not include any federal workers or workmen's compensation law, any federal occupational disease law or the provisions of any law that provide nonoccupational disability benefits.

D. State

State means any state of the United States of America, and the District of Columbia.

E. Locations

This policy covers all of your workplaces listed in Items 1 or 4 of the Information Page; and it covers all other workplaces in Item 3.A. states unless you have other insurance or are self-insured for such workplaces.

**PART ONE
WORKERS COMPENSATION INSURANCE**
A. How This Insurance Applies

This workers compensation insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. Bodily injury by accident must occur during the policy period.
2. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.

B. We Will Pay

We will pay promptly when due the benefits required of you by the workers compensation law.

C. We Will Defend

We have the right and duty to defend at our expense any claim, proceeding or suit against you for benefits payable by this insurance. We have the right to investigate and settle these claims, proceedings or suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance.

D. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding or suit we defend:

1. reasonable expenses incurred at our request, but not loss of earnings;
2. premiums for bonds to release attachments and for appeal bonds in bond amounts up to the amount payable under this insurance;
3. litigation costs taxed against you;
4. interest on a judgment as required by law until we offer the amount due under this insurance; and
5. expenses we incur.

E. Other Insurance

We will not pay more than our share of benefits and costs covered by this insurance and other

insurance or self-insurance. Subject to any limits of liability that may apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance will be equal until the loss is paid.

F. Payments You Must Make

You are responsible for any payments in excess of the benefits regularly provided by the workers compensation law including those required because:

1. of your serious and willful misconduct;
2. you knowingly employ an employee in violation of law;
3. you fail to comply with a health or safety law or regulation; or
4. you discharge, coerce or otherwise discriminate against any employee in violation of the workers compensation law.

If we make any payments in excess of the benefits regularly provided by the workers compensation law on your behalf, you will reimburse us promptly.

G. Recovery From Others

We have your rights, and the rights of persons entitled to the benefits of this insurance, to recover our payments from anyone liable for the injury. You will do everything necessary to protect those rights for us and to help us enforce them.

H. Statutory Provisions

These statements apply where they are required by law.

1. As between an injured worker and us, we have notice of the injury when you have notice.
2. Your default or the bankruptcy or insolvency of you or your estate will not relieve us of our duties under this insurance after an injury occurs.
3. We are directly and primarily liable to any person entitled to the benefits payable by this insurance. Those persons may enforce our duties; so may an agency authorized by law. Enforcement may be against us or against you and us.
4. Jurisdiction over you is jurisdiction over us for purposes of the workers compensation law. We are bound by decisions against you under that law, subject to the provisions of this policy that are not in conflict with that law.

5. This insurance conforms to the parts of the workers compensation law that apply to:
 - a. benefits payable by this insurance;
 - b. special taxes, payments into security or other special funds, and assessments payable by us under that law.
6. Terms of this insurance that conflict with the workers compensation law are changed by this statement to conform to that law.

Nothing in these paragraphs relieves you of your duties under this policy.

PART TWO

EMPLOYERS LIABILITY INSURANCE

A. How This Insurance Applies

This employers liability insurance applies to bodily injury by accident or bodily injury by disease. Bodily injury includes resulting death.

1. The bodily injury must arise out of and in the course of the injured employee's employment by you.
2. The employment must be necessary or incidental to your work in a state or territory listed in Item 3.A. of the Information Page
3. Bodily injury by accident must occur during the policy period.
4. Bodily injury by disease must be caused or aggravated by the conditions of your employment. The employee's last day of last exposure to the conditions causing or aggravating such bodily injury by disease must occur during the policy period.
5. If you are sued, the original suit and any related legal actions for damages for bodily injury by accident or by disease must be brought in the United States of America, its territories or possessions, or Canada.

B. We Will Pay

We will pay all sums that you legally must pay as damages because of bodily injury to your employees, provided the bodily injury is covered by this Employers Liability Insurance.

The damages we will pay, where recovery is permitted by law, include damages:

1. For which you are liable to a third party by reason of a claim or suit against you by that third party to recover the damages claimed against such third party as a result of injury to your employee;

2. For care and loss of services; and
3. For consequential bodily injury to a spouse, child, parent, brother or sister of the injured employee; provided that these damages are the direct consequence of bodily injury that arises out of and in the course of the injured employee's employment by you; and
4. Because of bodily injury to your employee that arises out of and in the course of employment, claimed against you in a capacity other than as employer.

C. Exclusions

This insurance does not cover:

1. Liability assumed under a contract. This exclusion does not apply to a warranty that your work will be done in a workmanlike manner;
2. Punitive or exemplary damages because of bodily injury to an employee employed in violation of law;
3. Bodily injury to an employee while employed in violation of law with your actual knowledge or the actual knowledge of any of your executive officers;
4. Any obligation imposed by a workers compensation, occupational disease, unemployment compensation, or disability benefits law, or any similar law;
5. Bodily injury intentionally caused or aggravated by you;
6. Bodily injury occurring outside the United States of America, its territories or possessions, and Canada. This exclusion does not apply to bodily injury to a citizen or resident of the United States of America or Canada who is temporarily outside these countries;
7. Damages arising out of coercion, criticism, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination against or termination of any employee, or any personnel practices, policies, acts or omissions;
8. Bodily injury to any person in work subject to the Longshore and Harbor Workers' Compensation Act (33 USC Sections 901–950), the Non-appropriated Fund Instrumentalities Act (5 USC Sections 8171–8173), the Outer Continental Shelf Lands Act (43 USC Sections 1331–1356a.), the Defense Base Act

(42 USC Sections 1651–1654), the Federal Coal Mine Safety and Health Act (30 USC Sections 801–945), any other federal workers or workmen's compensation law or other federal occupational disease law, or any amendments to these laws;

9. Bodily injury to any person in work subject to the Federal Employers' Liability Act (45 USC Sections 51–60), any other federal laws obligating an employer to pay damages to an employee due to bodily injury arising out of or in the course of employment, or any amendments to those laws;
10. Bodily injury to a master or member of the crew of any vessel;
11. Fines or penalties imposed for violation of federal or state law; and
12. Damages payable under the Migrant and Seasonal Agricultural Worker Protection Act (29 USC Sections 1801–1872) and under any other federal law awarding damages for violation of those laws or regulations issued there under, and any amendments to those laws.

D. We Will Defend

We have the right and duty to defend, at our expense, any claim, proceeding or suit against you for damages payable by this insurance. We have the right to investigate and settle these claims, proceedings and suits.

We have no duty to defend a claim, proceeding or suit that is not covered by this insurance. We have no duty to defend or continue defending after we have paid our applicable limit of liability under this insurance.

E. We Will Also Pay

We will also pay these costs, in addition to other amounts payable under this insurance, as part of any claim, proceeding, or suit we defend:

1. Reasonable expenses incurred at our request, but not loss of earnings;
2. Premiums for bonds to release attachments and for appeal bonds in bond amounts up to the limit of our liability under this insurance;
3. Litigation costs taxed against you;
4. Interest on a judgment as required by law until we offer the amount due under this insurance; and

5. Expenses we incur.

F. Other Insurance

We will not pay more than our share of damages and costs covered by this insurance and other insurance or self-insurance. Subject to any limits of liability that apply, all shares will be equal until the loss is paid. If any insurance or self-insurance is exhausted, the shares of all remaining insurance and self-insurance will be equal until the loss is paid.

G. Limits of Liability

Our liability to pay for damages is limited. Our limits of liability are shown in Item 3.B. of the Information Page. They apply as explained below.

1. **Bodily Injury by Accident.** The limit shown for "bodily injury by accident—each accident" is the most we will pay for all damages covered by this insurance because of bodily injury to one or more employees in any one accident.

A disease is not bodily injury by accident unless it results directly from bodily injury by accident.

2. **Bodily Injury by Disease.** The limit shown for "bodily injury by disease—policy limit" is the most we will pay for all damages covered by this insurance and arising out of bodily injury by disease, regardless of the number of employees who sustain bodily injury by disease. The limit shown for "bodily injury by disease—each employee" is the most we will pay for all damages because of bodily injury by disease to any one employee.

Bodily injury by disease does not include disease that results directly from a bodily injury by accident.

3. We will not pay any claims for damages after we have paid the applicable limit of our liability under this insurance.

H. Recovery From Others

We have your rights to recover our payment from anyone liable for an injury covered by this insurance. You will do everything necessary to protect those rights for us and to help us enforce them.

I. Actions Against Us

There will be no right of action against us under this insurance unless:

1. You have complied with all the terms of this policy; and

2. The amount you owe has been determined with our consent or by actual trial and final judgment.

This insurance does not give anyone the right to add us as a defendant in an action against you to determine your liability. The bankruptcy or insolvency of you or your estate will not relieve us of our obligations under this Part.

PART THREE

OTHER STATES INSURANCE

A. How This Insurance Applies

1. This other states insurance applies only if one or more states are shown in Item 3.C. of the Information Page.

2. If you begin work in any one of those states after the effective date of this policy and are not insured or are not self-insured for such work, all provisions of the policy will apply as though that state were listed in Item 3.A. of the Information Page.

3. We will reimburse you for the benefits required by the workers compensation law of that state if we are not permitted to pay the benefits directly to persons entitled to them.

4. If you have work on the effective date of this policy in any state not listed in Item 3.A. of the Information Page, coverage will not be afforded for that state unless we are notified within thirty days.

B. Notice

Tell us at once if you begin work in any state listed in Item 3.C. of the Information Page.

PART FOUR

YOUR DUTIES IF INJURY OCCURS

Tell us at once if injury occurs that may be covered by this policy. Your other duties are listed here.

1. Provide for immediate medical and other services required by the workers compensation law.

2. Give us or our agent the names and addresses of the injured persons and of witnesses, and other information we may need.

3. Promptly give us all notices, demands and

legal papers related to the injury, claim, proceeding or suit.

4. Cooperate with us and assist us, as we may request, in the investigation, settlement or defense of any claim, proceeding or suit.
5. Do nothing after an injury occurs that would interfere with our right to recover from others.
6. Do not voluntarily make payments, assume obligations or incur expenses, except at your own cost.

PART FIVE—PREMIUM

A. Our Manuals

All premium for this policy will be determined by our manuals of rules, rates, rating plans and classifications. We may change our manuals and apply the changes to this policy if authorized by law or a governmental agency regulating this insurance.

B. Classifications

Item 4 of the Information Page shows the rate and premium basis for certain business or work classifications. These classifications were assigned based on an estimate of the exposures you would have during the policy period. If your actual exposures are not properly described by those classifications, we will assign proper classifications, rates and premium basis by endorsement to this policy.

C. Remuneration

Premium for each work classification is determined by multiplying a rate times a premium basis. Remuneration is the most common premium basis. This premium basis includes payroll and all other remuneration paid or payable during the policy period for the services of:

1. all your officers and employees engaged in work covered by this policy; and
2. all other persons engaged in work that could make us liable under Part One (Workers Compensation Insurance) of this policy. If you do not have payroll records for these persons, the contract price for their services and materials may be used as the premium basis. This paragraph 2 will not apply if you give us proof that the employers of these persons lawfully secured their workers

compensation obligations.

D. Premium Payments

You will pay all premium when due. You will pay the premium even if part or all of a workers compensation law is not valid.

E. Final Premium

The premium shown on the Information Page, schedules, and endorsements is an estimate. The final premium will be determined after this policy ends by using the actual, not the estimated, premium basis and the proper classifications and rates that lawfully apply to the business and work covered by this policy. If the final premium is more than the premium you paid to us, you must pay us the balance. If it is less, we will refund the balance to you. The final premium will not be less than the highest minimum premium for the classifications covered by this policy.

If this policy is canceled, final premium will be determined in the following way unless our manuals provide otherwise:

1. If we cancel, final premium will be calculated pro rata based on the time this policy was in force. Final premium will not be less than the pro rata share of the minimum premium.
2. If you cancel, final premium will be more than pro rata; it will be based on the time this policy was in force, and increased by our short-rate cancellation table and procedure. Final premium will not be less than the minimum premium.

F. Records

You will keep records of information needed to compute premium. You will provide us with copies of those records when we ask for them.

G. Audit

You will let us examine and audit all your records that relate to this policy. These records include ledgers, journals, registers, vouchers, contracts, tax reports, payroll and disbursement records, and programs for storing and retrieving data. We may conduct the audits during regular business hours during the policy period and within three years after the policy period ends. Information developed by audit will be used to determine final premium. Insurance rate service organizations have the same rights we have under this

provision.

PART SIX—CONDITIONS

A. Inspection

We have the right, but are not obliged to inspect your workplaces at any time. Our inspections are not safety inspections. They relate only to the insurability of the workplaces and the premiums to be charged. We may give you reports on the conditions we find. We may also recommend changes. While they may help reduce losses, we do not undertake to perform the duty of any person to provide for the health or safety of your employees or the public. We do not warrant that your workplaces are safe or healthful or that they comply with laws, regulations, codes or standards. Insurance rate service organizations have the same rights we have under this provision.

B. Long Term Policy

If the policy period is longer than one year and sixteen days, all provisions of this policy will apply as though a new policy were issued on each annual anniversary that this policy is in force.

C. Transfer of Your Rights and Duties

Your rights or duties under this policy may not be

transferred without our written consent.

If you die and we receive notice within thirty days after your death, we will cover your legal representative as insured.

D. Cancellation

1. You may cancel this policy. You must mail or deliver advance written notice to us stating when the cancellation is to take effect.
2. We may cancel this policy. We must mail or deliver to you not less than ten days advance written notice stating when the cancellation is to take effect. Mailing that notice to you at your mailing address shown in Item 1 of the Information Page will be sufficient to prove notice.
3. The policy period will end on the day and hour stated in the cancellation notice.
4. Any of these provisions that conflict with a law that controls the cancellation of the insurance in this policy is changed by this statement to comply with the law.

E. Sole Representative

The insured first named in Item 1 of the Information Page will act on behalf of all insureds to change this policy, receive return premium, and give or receive notice of cancellation.

In Witness Whereof, Accident Fund Insurance Company of America has caused this policy to be issued and signed by its President and Corporate Secretary at Lansing, Michigan.

Michael K. Britt, President



Steven E. Reynolds, Corporate Secretary



SOLE PROPRIETORS, PARTNERS, OFFICERS AND OTHERS COVERAGE ENDORSEMENT

An election was made by or on behalf of each person described in the Schedule to be subject to the workers compensation law of the state named in the Schedule. The premium basis for the policy includes the remuneration of such persons.

Schedule

Persons

State

Sole Proprietor:

Partners:

Officers: ALEXANDER, CARLOS
 DAHNKE, CAREY

INDIANA
INDIANA

Others:

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured

Policy No.

Endorsement No.
Premium \$

Insurance Company

Countersigned by _____

PENDING RATE CHANGE ENDORSEMENT

A rate change filing is being considered by the proper regulatory authority. The filing may result in rates different from the rates shown on the policy. If it does, we will issue an endorsement to show the new rates and their effective date.

If only one state is shown in Item 3.A. of the Information Page, this endorsement applies to that state. If more than one state is shown there, this endorsement applies only in the state shown in the Schedule.

Schedule

State

INDIANA

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured

Policy No.

Endorsement No.
Premium \$

Insurance Company

Countersigned by _____

NOTIFICATION OF CHANGE IN OWNERSHIP ENDORSEMENT

Experience rating is mandatory for all eligible insureds. The experience rating modification factor, if any, applicable to this policy, may change if there is a change in your ownership or in that of one or more of the entities eligible to be combined with you for experience rating purposes. Change in ownership includes sales, purchases, other transfers, mergers, consolidations, dissolutions, formations of a new entity and other changes provided for in the applicable experience rating plan manual.

You must report any change in ownership to us in writing within 90 days of such change. Failure to report such changes within this period may result in revision of the experience rating modification factor used to determine your premium.

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured

Policy No.

Endorsement No.
Premium \$

Insurance Company

Countersigned by _____

PREMIUM DUE DATE ENDORSEMENT

This endorsement is used to amend:

Section D. of Part Five of the policy is replaced by this provision.

**PART FIVE
PREMIUM**

D. **Premium** is amended to read:

You will pay all premium when due. You will pay the premium even if part or all of a workers compensation law is not valid. **The due date for audit and retrospective premiums is the date of the billing.**

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective Policy No. Endorsement No.
Insured Premium \$

Insurance Company

Countersigned by _____

CATASTROPHE (OTHER THAN CERTIFIED ACTS OF TERRORISM) PREMIUM ENDORSEMENT

This endorsement is notification that your insurance carrier is charging premium to cover the losses that may occur in the event of a Catastrophe (other than Certified Acts of Terrorism) as that term is defined below. Your policy provides coverage for workers compensation losses caused by a Catastrophe (other than Certified Acts of Terrorism). This premium charge does not provide funding for Certified Acts of Terrorism contemplated under the Terrorism Risk Insurance Program Reauthorization Act Disclosure Endorsement (WC 00 04 22 A), attached to this policy.

For purposes of this endorsement, the following definitions apply:

Catastrophe (other than Certified Acts of Terrorism): Any single event, resulting from an Earthquake, Noncertified Act of Terrorism, or Catastrophic Industrial Accident, which results in aggregate workers compensation losses in excess of \$50 million.

Earthquake: The shaking and vibration at the surface of the earth resulting from underground movement along a fault plane or from volcanic activity.

Noncertified Act of Terrorism: An event that is not certified as an Act of Terrorism by the Secretary of Treasury pursuant to the Terrorism Risk Insurance Act of 2002 (as amended) but that meets all of the following criteria:

- a. It is an act that is violent or dangerous to human life, property, or infrastructure;
- b. The act results in damage within the United States, or outside of the United States in the case of the premises of United States missions or air carriers or vessels as those terms are defined in the Terrorism Risk Insurance Act of 2002 (as amended); and
- c. It is an act that has been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

Catastrophic Industrial Accident: A chemical release, large explosion, or small blast that is localized in nature and affects workers in a small perimeter the size of a building.

The premium charge for the coverage your policy provides for workers compensation losses caused by a Catastrophe (other than Certified Acts of Terrorism) is shown in Item 4 of the Information Page or in the Schedule below.

Schedule

State	Rate	Premium
IN	0.0100000	

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured

Policy No.

Endorsement No.
Premium:

Insurance Company
WC 00 04 21 C
(Ed. 9-08)

Countersigned by _____

TERRORISM RISK INSURANCE PROGRAM REAUTHORIZATION ACT DISCLOSURE ENDORSEMENT

This endorsement addresses the requirements of the Terrorism Risk Insurance Act of 2002 as amended and extended by the Terrorism Risk Insurance Program Reauthorization Act of 2007. It serves to notify you of certain limitations under the Act, and that your insurance carrier is charging premium for losses that may occur in the event of an Act of Terrorism.

Your policy provides coverage for workers compensation losses caused by Acts of Terrorism, including workers compensation benefit obligations dictated by state law. Coverage for such losses is still subject to all terms, definitions, exclusions, and conditions in your policy, and any applicable federal and/or state laws, rules, or regulations.

Definitions

The definitions provided in this endorsement are based on and have the same meaning as the definitions in the Act. If words or phrases not defined in this endorsement are defined in the Act, the definitions in the Act will apply.

“Act” means the Terrorism Risk Insurance Act of 2002, which took effect on November 26, 2002, and any amendments thereto resulting from the Terrorism Risk Insurance Program Reauthorization Act of 2007.

“Act of Terrorism” means any act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State, and the Attorney General of the United States as meeting all of the following requirements:

- a. The act is an act of terrorism.
- b. The act is violent or dangerous to human life, property or infrastructure.
- c. The act resulted in damage within the United States, or outside of the United States in the case of the premises of United States missions or certain air carriers or vessels.
- d. The act has been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

“Insured Loss” means any loss resulting from an act of terrorism (and, except for Pennsylvania, including an act of war, in the case of workers compensation) that is covered by primary or excess property and casualty insurance issued by an insurer if the loss occurs in the United States or at the premises of United States missions or to certain air carriers or vessels.

“Insurer Deductible” means, for the period beginning on January 1, 2008, and ending on December 31, 2014, an amount equal to 20% of our direct earned premiums, over the calendar year immediately preceding the applicable Program Year.

“Program Year” refers to each calendar year between January 1, 2008 and December 31, 2014, as applicable.

Limitation of Liability

The Act limits our liability to you under this policy. If aggregate Insured Losses exceed \$100,000,000,000 in a Program Year and if we have met our Insurer Deductible, we are not liable for the payment of any portion of the amount of Insured Losses that exceeds \$100,000,000,000; and for aggregate Insured Losses up to \$100,000,000,000, we will pay only a pro rata share of such Insured Losses as determined by the Secretary of the Treasury.

Policyholder Disclosure Notice

1. Insured Losses would be partially reimbursed by the United States Government. If the aggregate industry Insured Losses exceed \$100,000,000 in a Program Year, the United States Government would pay 85% of our Insured Losses that exceed our Insurer Deductible.
2. Notwithstanding item 1 above, the United States Government will not make any payment under the Act for any portion of Insured Losses that exceed \$100,000,000,000.
3. The premium charge for the coverage your policy provides for Insured Losses is included in the amount

Schedule

State	Rate	Premium
INDIANA	0.010	

This endorsement changes the policy to which it is attached and is effective on the date issued unless otherwise stated.

(The information below is required only when this endorsement is issued subsequent to preparation of the policy.)

Endorsement Effective
Insured

Policy No.

Endorsement No.
Premium:

Insurance Company

Countersigned by _____

WC 00 04 22 A
(Ed. 9-08)

INDIANA CHARTER SCHOOL BOARD

5-Year Pro Forma Budget Submission Template

|General Instructions for New School Applicants

- Complete the School Enrollment Projection tab in **ORANGE**
 - Complete the Year 0 - Budget and Cash Flow tab in **PURPLE**
 - Complete **ALL FIVE** annual budget tabs in **BLUE**
 - Complete **ALL FIVE** staffing tabs in **GREEN**
 - Enter information into the **WHITE** cells
 - Do not enter information into the **GREY** cells
- **NOTE:** Applicants proposing to operate a network of schools should add a worksheet or attach consolidated network's 5-Year pro-forma budget, reflecting all components - including the region of the Indiana network.
- We encourage applicants to contact the Indiana Department of Education Office of School Finance for information on Indiana's funding formula and all start-up, grant and operating funds available. Visit <http://www.in.gov/education/finance> for more information.

a separate file reflecting the
ial back office/central office -

ance to learn more about
.doe.in.gov/idoefinance for

School Name: Christel House Academy Expansion K-12

SCHOOL ENROLLMENT PROJECTIONS

Planned Number of Students															
ACADEMIC YEAR	K	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL	% ELL
Year 1: 2014-2015	60	60	60											180	25%
Year 2: 2015-2016	60	60	60	50										230	25%
Year 3: 2016-2017	60	60	60	50	50									280	25%
Year 4: 2017-2018	60	60	60	50	50	50								330	25%
Year 5: 2018-2019	60	60	60	50	50	50	50							380	25%

Planned Number of Classes														
ACADEMIC YEAR	K	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
Year 1: 2014-2015	3	3	3											9
Year 2: 2015-2016	3	3	3	2										11
Year 3: 2016-2017	3	3	3	2	2									13
Year 4: 2017-2018	3	3	3	2	2	2								15
Year 5: 2018-2019	3	3	3	2	2	2	2							17

% SPED	% FRL
15%	80%+
15%	80%+
15%	80%+
15%	80%+
15%	80%+

School Name: Christel House Academy Expansion K-12		150	200	250	300	350
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
REVENUE						
State Revenue						
Basic Grant		\$ 787,500	\$ 2,131,500	\$ 2,704,310	\$ 3,293,887	\$ 3,900,500
Common School Loan		\$ -	\$ -	\$ -	\$ -	\$ -
Charter School Start-Up Grant		\$ 787,500				
State Matching Funds for School Lunch Program		\$ -	\$ -	\$ -	\$ -	\$ -
Professional Development		\$ -	\$ -	\$ -	\$ -	\$ -
Technology Grants		\$ -	\$ -	\$ -	\$ -	\$ -
Remediation Program - 21st Century		\$ 50,000	\$ 60,000	\$ 70,000	\$ 80,000	\$ 90,000
Full-Day Kindergarten		\$ -	\$ -	\$ -	\$ -	\$ -
Gifted and Talented Program		\$ -	\$ -	\$ -	\$ -	\$ -
Textbook Reimbursement		\$ -	\$ -	\$ -	\$ -	\$ -
Summer School		\$ -	\$ -	\$ -	\$ -	\$ -
Public Charter School Program (PCSP) Grant		\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -
Other State Revenue (please describe)		\$ -	\$ -	\$ -	\$ -	\$ -
Federal Revenue						
Public Charter School Program (PCSP) Grant	\$ 100,000	\$ -	\$ -			
Facilities Assistance Program Grant		\$ -	\$ -			
Public Law 101-476 (IDEA)		\$ -	\$ -	\$ -	\$ -	\$ -
Title I		\$ 165,000	\$ 223,300	\$ 283,312	\$ 345,100	\$ 409,000
Title II		\$ -	\$ -	\$ -	\$ -	\$ -
Federal Lunch Program		\$ 71,400	\$ 104,000	\$ 148,500	\$ 183,600	\$ 220,600
Federal Breakfast Reimbursement		\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue Federal sources (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue Federal sources (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenue Federal sources (please describe)		\$ -	\$ -	\$ -	\$ -	\$ -
Other Revenues						
Committed Philanthropic Donations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Before and After Care Fees		\$ -	\$ -	\$ -	\$ -	\$ -
Interest Income		\$ -	\$ -	\$ -	\$ -	\$ -
TAP	\$ -	\$ 115,000	\$ 100,000	\$ 81,000	\$ 58,000	\$ 31,000
Walton	\$ 30,000	\$ 80,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Other In-Kind	\$ -	\$ 100,000	\$ 103,000	\$ 106,100	\$ 109,300	\$ 113,000
Christel House International Advance	\$ 460,000	\$ 300,000	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 590,000	\$ 2,556,400	\$ 2,921,800	\$ 3,493,222	\$ 4,169,887	\$ 4,864,100
EXPENDITURES						
Personnel Expenses						
Wages, Benefits and Payroll Taxes	\$ 237,257	\$ 1,188,939	\$ 1,505,359	\$ 1,874,765	\$ 2,170,776	\$ 2,604,012
Substitute Teachers		\$ 8,800	\$ 8,820	\$ 8,900	\$ 9,000	\$ 9,200
Professional Development	\$ 10,000	\$ 15,000	\$ 20,000	\$ 23,000	\$ 26,200	\$ 30,700
Bonuses (Included Above)		\$ -	\$ -	\$ -	\$ -	\$ -
Other HR	\$ 3,000	\$ 15,000	\$ 15,500	\$ 16,000	\$ 16,400	\$ 17,000
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Personnel Expenses	\$ 250,257	\$ 1,227,739	\$ 1,549,679	\$ 1,922,665	\$ 2,222,376	\$ 2,660,912
Instructional Supplies and Resources						
Textbooks	\$ 25,000	\$ 25,000	\$ 30,000	\$ 38,000	\$ 46,000	\$ 53,400
Library, periodicals, etc	\$ 15,000	\$ 10,000	\$ 13,700	\$ 17,700	\$ 21,900	\$ 26,300
Technology	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Assessment materials	\$ -	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Computers	\$ 30,000	\$ 8,000	\$ 11,000	\$ 14,000	\$ 17,500	\$ 21,000
Software	\$ 25,000	\$ 5,000	\$ 7,000	\$ 9,000	\$ 11,000	\$ 13,100
Other classroom supplies	\$ 10,000	\$ 12,000	\$ 13,700	\$ 17,800	\$ 21,900	\$ 26,300
Field trips, other unclassified items	\$ -	\$ 10,000	\$ 12,000	\$ 15,000	\$ 18,000	\$ 20,000
Co-curricular & Athletics	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Instructional Supplies and Resources	\$ 125,000	\$ 100,000	\$ 117,400	\$ 141,500	\$ 166,300	\$ 190,100
Support Supplies and Resources						
Administrative Computers	\$ 8,000	\$ 3,000	\$ 3,000	\$ 4,000	\$ 5,000	\$ 5,000
Administrative Software	\$ 3,000	\$ 1,500	\$ 2,000	\$ 3,000	\$ 2,000	\$ 2,000
Administration Dues, fees, misc expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office supplies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Support Supplies and Resources	\$ 11,000	\$ 4,500	\$ 5,000	\$ 7,000	\$ 7,000	\$ 7,000
Board Expenses						
Charter Board Services, including Board Training, retreats	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -
Charter Board Supplies & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charter Board Dues, fees, etc	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Board Expenses	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -
Professional Purchased or Contracted Services						

Legal Services	\$ 10,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Audit Services (compliant with SBOA requirements)	\$ -	\$ 15,000	\$ 16,000	\$ 18,000	\$ 19,000	\$ 20,000	\$ 20,000
Payroll Services	\$ -	\$ 12,000	\$ 14,000	\$ 16,000	\$ 18,000	\$ 19,000	\$ 19,000
Accounting Services	\$ 10,000	\$ 30,000	\$ 32,000	\$ 34,000	\$ 40,000	\$ 50,000	\$ 50,000
Printing/Newsletter/Annual Report Services	\$ 3,000	\$ 10,000	\$ 13,700	\$ 17,800	\$ 21,900	\$ 26,300	\$ 26,300
Consultants	\$ 10,000	\$ 30,000	\$ 35,000	\$ 40,000	\$ 45,000	\$ 50,000	\$ 50,000
Internet Services	\$ 400	\$ 1,500	\$ 2,100	\$ 2,650	\$ 3,300	\$ 3,900	\$ 3,900
Telephone/Telecommunication Services	\$ 1,000	\$ 1,000	\$ 1,400	\$ 1,800	\$ 2,200	\$ 2,600	\$ 2,600
Total Insurance Costs (per ICSB requirements detailed in charter school application)	\$ -	\$ 40,000	\$ 45,000	\$ 50,000	\$ 55,000	\$ 60,000	\$ 60,000
Travel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Postage	\$ 5,000	\$ 5,000	\$ 6,900	\$ 8,800	\$ 10,900	\$ 13,100	\$ 13,100
Special Education Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student Information Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food service	\$ -	\$ 50,000	\$ 115,360	\$ 148,500	\$ 184,000	\$ 220,600	\$ 220,600
Transportation	\$ -	\$ 56,300	\$ 77,250	\$ 99,500	\$ 123,000	\$ 148,000	\$ 148,000
Nursing Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Marketing	\$ 15,000	\$ 7,000	\$ 9,600	\$ 12,400	\$ 15,300	\$ 18,400	\$ 18,400
Other In-Kind	\$ -	\$ 100,000	\$ 103,000	\$ 106,000	\$ 109,300	\$ 113,000	\$ 113,000
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Professional Purchased or Contracted Services	\$ 54,400	\$ 361,800	\$ 475,310	\$ 559,450	\$ 650,900	\$ 748,900	\$ 748,900
Facilities							
Rent, mortgage, or other facility cost	\$ -	\$ 528,000	\$ 530,000	\$ 535,000	\$ 540,000	\$ 550,000	\$ 550,000
Furniture & Equipment	\$ 69,000	\$ 23,000	\$ 21,500	\$ 22,860	\$ 23,710	\$ 24,850	\$ 24,850
Gas/electric	\$ -	\$ 50,000	\$ 55,000	\$ 60,000	\$ 65,000	\$ 70,000	\$ 70,000
Water/Sewer	\$ 10,000	\$ 20,000	\$ 23,000	\$ 25,000	\$ 28,000	\$ 30,000	\$ 30,000
Grounds Keeping	\$ 10,000	\$ 20,000	\$ 21,000	\$ 22,000	\$ 24,000	\$ 28,000	\$ 28,000
Maintenance Services	\$ 5,000	\$ 40,000	\$ 50,000	\$ 60,000	\$ 70,000	\$ 75,000	\$ 75,000
Custodial	\$ 15,000	\$ 60,000	\$ 70,000	\$ 80,000	\$ 90,000	\$ 100,000	\$ 100,000
Waste disposal	\$ 5,000	\$ 2,000	\$ 2,000	\$ 2,500	\$ 2,500	\$ 3,000	\$ 3,000
Debt Service for Facilities (Interest Only)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ (300,000)	\$ (325,000)	\$ (330,000)	\$ (340,000)	\$ (340,000)
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Facilities	\$ 114,000	\$ 743,000	\$ 472,500	\$ 482,360	\$ 513,210	\$ 540,850	\$ 540,850
Other							
Contingency	\$ -	\$ 50,000	\$ 75,000	\$ 75,000	\$ 150,000	\$ 175,000	\$ 175,000
Indiana Charter School Board Administrative Fee	\$ -	\$ 23,625	\$ 63,945	\$ 81,129	\$ 98,817	\$ 117,015	\$ 117,015
CMO/EMO Fee	\$ 30,000	\$ 45,000	\$ 67,000	\$ 78,740	\$ 88,900	\$ 97,222	\$ 97,222
Common School Fund Loan Interest Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CHI Advance Repayment	\$ -	\$ -	\$ 50,000	\$ 125,000	\$ 200,000	\$ 275,000	\$ 275,000
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other (please describe)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Total Other	\$ 30,000	\$ 118,625	\$ 255,945	\$ 359,869	\$ 537,717	\$ 664,237
Total Expenditures	\$ 586,657	\$ 2,555,664	\$ 2,875,834	\$ 3,472,845	\$ 4,097,503	\$ 4,811,999
Carryover/Deficit	\$ 3,343	\$ 736	\$ 45,966	\$ 20,377	\$ 72,384	\$ 52,101
Cumulative Carryover/(Deficit)	\$ 3,343	\$ 4,079	\$ 50,045	\$ 70,422	\$ 142,806	\$ 194,907

Expected Charter School Staffing Needs -- Year 0 -- Pre-Opening Period

Please fill in the expected positions along with salary and benefit estimates. Insert rows as needed. Be certain to include all Administrative Staff positions, in addition to Teachers and positions such as Paraprofessional, Teaching Assistant, Counselor, Therapist, Nurse, etc. as may be appropriate for your school model.

Benefits Assumptions - Please describe how you calculated your benefits and what is included below					
Position Description	Number of Staff Per Position	Average Salary for the Position	Total Salary	Benefits and Payroll Taxes	TOTAL Salary and Benefits
Principal	1	85,000	85,000	32,300	117,300
Admin support	0.5	45,000	22,500	8,550	31,050
Teachers	1.7	42,494	72,240	27,451	99,691
			-	-	-
			-		-
			-		-

Expected New School Annual Operating Budget -- YEAR 1 -- Fiscal Year July 1-June 30

REVENUE	Amount	Notes
State Revenue		
Basic Grant	\$ 787,500	Be certain to reflect Indiana's ONGOING school funding formula payment lag. Note that funding for virtual charter schools differs from funding for bricks-and-mortar schools.
Common School Loan		One-half of first year's ADM funding. NOTE: Only virtual charter schools are eligible for Common Loan funds during Year 1.
Charter School Start-Up Grant (NOTE: this is Indiana's state-funded start-up grant and is different than the federal PCSP grant. Please contact the IDOE Office of School Finance for more information.)	\$ 787,500	One-half of first year's ADM funding. NOTE: Virtual charter schools are ineligible for this state-funded start-up grant.
State Matching Funds for School Lunch Program		
Professional Development		
Technology Grants		
Remediation Program - 21 Century	\$ 50,000	
Full-Day Kindergarten		Each full-day Kindergarten student counts as one-half of a student (0.5) for purposes of ADM funding. In addition, schools are eligible for an annual grant of \$2,400 per full-day Kindergarten student.
Gifted and Talented Program		
Textbook Reimbursement		
Summer School		
Charter Implementation	\$ 100,000	
Other State Revenue (please describe)		
Federal Revenue		
Public Charter School Program (PCSP) Grant		NOTE: This is a competitive grant for planning & implementation. Funding is not guaranteed.
Charter School Facilities Assistance Program Grant		
Public Law 101-476 (IDEA)		
Title I	\$ 165,000	
Title II		
Federal Lunch Program	\$ 71,400	
Federal Breakfast Reimbursement		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenues		
Committed Philanthropic Donations		
Before and After Care Fees		
Interest Income		
Other TAP	\$ 115,000	
Other Competitive Grants	\$ 80,000	
Other In-Kind	\$ 100,000	
Christel House International	\$ 300,000	
Total Revenue	\$ 2,556,400	
EXPENDITURES		
Personnel Expenses		
Wages, Benefits and Payroll Taxes	\$ 1,188,939	Use staffing workbook
Substitute Teachers	\$ 8,800	
Professional Development	\$ 15,000	
Bonuses		
Other HR	\$ 15,000	
Other (please describe)		

Other (please describe)		
Other (please describe)		
Other (please describe)		
Total Personnel Expenses	\$	1,227,739
Instructional Supplies and Resources		
Textbooks	\$	25,000
Library, periodicals, etc	\$	10,000
Technology	\$	20,000
Assessment materials	\$	10,000
Computers	\$	8,000
Software	\$	5,000
Other classroom supplies	\$	12,000
Field trips, other unclassified items	\$	10,000
Co-curricular & Athletics		
Other (please describe)		
Total Instructional Supplies and Resources	\$	100,000
Support Supplies and Resources		
Administrative Computers	\$	3,000
Administrative Software	\$	1,500
Administration Dues, fees, misc expenses	\$	-
Office supplies		
Other (please describe)		
Total Support Supplies and Resources	\$	4,500
Board Expenses		
Charter Board Services, including Board Training, retreats		
Charter Board Supplies & Equipment		
Charter Board Dues, fees, etc		
Other (please describe)		
Total Board Expenses	\$	-
Professional Purchased or Contracted Services		
Legal Services	\$	4,000
Audit Services (compliant with SBOA requirements)	\$	15,000
Payroll Services	\$	12,000
Accounting Services	\$	30,000
Printing/Newsletter/Annual Report Services	\$	10,000
Consultants	\$	30,000
Internet Services	\$	1,500
Telephone/Telecommunication Services	\$	1,000
Total Insurance Costs (per ICSB requirements detailed in charter school application)	\$	40,000
Travel		
Postage	\$	5,000
Special Education Services		
Student Information Services		

Food service	\$	50,000	
Transportation	\$	56,300	
Nursing Services			
Other Marketing	\$	7,000	
Other In-Kind	\$	100,000	
Other (please describe)			
Other (please describe)			
Total Professional Purchased or Contracted Services	\$	361,800	
Facilities			
Rent, mortgage, or other facility cost	\$	528,000	
Furniture & Equipment	\$	23,000	
Gas/electric	\$	50,000	
Water/ Sewer	\$	20,000	
Grounds Keeping	\$	20,000	
Maintenance Services	\$	40,000	
Custodial	\$	60,000	
Waste disposal	\$	2,000	
Debt Service for Facilities (Interest Only)	\$	-	
Other (please describe)			
Total Facilities	\$	743,000	
Other			
Contingency	\$	50,000	
Indiana Charter School Board Administrative Fee	\$	23,625	Assume 3% of Basic Grant (Row 6)
			Be certain to reflect the full amount of any fee, including the management fee and any pass-through fees. If pass-through fees are reflected elsewhere in the budget, please clearly indicate this in the Budget Narrative.
CMO/EMO Fee	\$	45,000	
Common School Fund Loan Interest Costs			
CHI Advance Repayment			
Other (please describe)			
Other (please describe)			
Total Other	\$	118,625	
Total Expenditures	\$	2,555,664	
Carryover/Deficit	\$	736	

Cumulative Carryover/(Deficit)

Expected New School Annual Operating Budget -- YEAR 2 -- Fiscal Year July 1-June 30

REVENUE	Amount	Notes
State Revenue		
Basic Grant	\$ 2,131,500	Be certain to reflect Indiana's ONGOING school funding formula payment lag
Common School Loan		
State Matching Funds for School Lunch Program		
Professional Development		
Technology Grants		
Remediation Program - 21 Century	\$ 60,000	
Full-Day Kindergarten		Each full-day Kindergarten student counts as one-half of a student (0.5) for purposes of ADM funding. In addition, schools are eligible for an annual grant of \$2,400 per full-day Kindergarten student.
Gifted and Talented Program		
Textbook Reimbursement		
Summer School		
Charter Implementation	\$ 100,000	
Other State Revenue (please describe)		
Federal Revenue		
Public Charter School Program (PCSP) Grant		NOTE: This is a competitive grant for planning & implementation. Funding is not guaranteed.
Charter School Facilities Assistance Program Grant		
Public Law 101-476 (IDEA)		
Title I	\$ 223,300	
Title II		
Federal Lunch Program	\$ 104,000	
Federal Breakfast Reimbursement		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenues		
Committed Philanthropic Donations		
Before and After Care Fees		
Interest Income		
Other TAP	\$ 100,000	
Other Competitive Grants	\$ 100,000	
Other In-Kind	\$ 103,000	
Christel House International	\$ -	
Total Revenue	\$ 2,921,800	
EXPENDITURES		
Personnel Expenses		
Wages, Benefits and Payroll Taxes	\$ 1,505,359	Use staffing workbook
Substitute Teachers	\$ 8,820	
Professional Development	\$ 20,000	
Bonuses		
Other HR	\$ 15,500	
Other (please describe)		
Total Personnel Expenses	\$ 1,549,679	
Instructional Supplies and Resources		
Textbooks	\$ 30,000	
Library, periodicals, etc	\$ 13,700	

Technology	\$	20,000	
Assessment materials	\$	10,000	
Computers	\$	11,000	
Software	\$	7,000	
Other classroom supplies	\$	13,700	
Field trips, other unclassified items	\$	12,000	
Co-curricular & Athletics			
Other (please describe)			
Total Instructional Supplies and Resources	\$	117,400	
Support Supplies and Resources			
Administrative Computers	\$	3,000	
Administrative Software	\$	2,000	
Administration Dues, fees, misc expenses			
Office supplies			
Other (please describe)			
Total Support Supplies and Resources	\$	5,000	
Board Expenses			
Charter Board Services, including Board Training, retreats			
Charter Board Supplies & Equipment			
Charter Board Dues, fees, etc			
Other (please describe)			
Total Board Expenses	\$	-	
Professional Purchased or Contracted Services			
Legal Services	\$	4,000	
Audit Services (compliant with SBOA requirements)	\$	16,000	
Payroll Services	\$	14,000	
Accounting Services	\$	32,000	
Printing/Newsletter/Annual Report Services	\$	13,700	
Consultants	\$	35,000	
Internet Services	\$	2,100	
Telephone/Telecommunication Services	\$	1,400	
Total Insurance Costs (per ICSB requirements detailed in charter school application)	\$	45,000	
Travel			
Postage	\$	6,900	
Special Education Services			
Student Information Services			
Food service	\$	115,360	
Transportation	\$	77,250	
Nursing Services			
Other Marketing	\$	9,600	
Other In-Kind	\$	103,000	
Other (please describe)			
Other (please describe)			
Total Professional Purchased or Contracted Services	\$	475,310	

Facilities		
Rent, mortgage, or other facility cost	\$	530,000
Furniture & Equipment	\$	21,500
Gas/electric	\$	55,000
Water/ Sewer	\$	23,000
Grounds Keeping	\$	21,000
Maintenance Services	\$	50,000
Custodial	\$	70,000
Waste disposal	\$	2,000
Debt Service for Facilities (Interest Only)	\$	-
DORS Facilities Reimbursement	\$	(300,000)
Other (please describe)		
Other (please describe)		
Other (please describe)		
Total Facilities	\$	472,500
Other		
Contingency	\$	75,000
Indiana Charter School Board Administrative Fee	\$	63,945
		Assume 3% of Basic Grant (Row 6)
		Be certain to reflect the full amount of any fee, including the management fee and any pass-through fees. If pass-through fees are reflected elsewhere in the budget, please clearly indicate this in the Budget Narrative.
CMO/EMO Fee	\$	67,000
Common School Fund Loan Interest Costs		
CHI Advance Repayment	\$	50,000
Other (please describe)		
Other (please describe)		
Total Other	\$	255,945
Total Expenditures	\$	2,875,834
Carryover/Deficit	\$	45,966

Cumulative Carryover/(Deficit)

Expected New School Annual Operating Budget -- YEAR 3 -- Fiscal Year July 1-June 30

REVENUE	Amount	Notes
State Revenue		
Basic Grant	\$ 2,704,310	Be certain to reflect Indiana's ONGOING school funding formula payment lag
Common School Loan		
State Matching Funds for School Lunch Program		
Professional Development		
Technology Grants		
Remediation Program - 21 Century	\$ 70,000	
Full-Day Kindergarten		Each full-day Kindergarten student counts as one-half of a student (0.5) for purposes of ADM funding. In addition, schools are eligible for an annual grant of \$2,400 per full-day Kindergarten student.
Gifted and Talented Program		
Textbook Reimbursement		
Summer School		
Other State Revenue (please describe)		
Other State Revenue (please describe)		
Federal Revenue		
Public Law 101-476 (IDEA)		
Title I	\$ 283,312	
Title II		
Federal Lunch Program	\$ 148,500	
Federal Breakfast Reimbursement		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenues		
Committed Philanthropic Donations		
Before and After Care Fees		
Interest Income		
Other TAP	\$ 81,000	
Other Competitive Grants	\$ 100,000	
Other In-Kind	\$ 106,100	
Christel House International	\$ -	
Total Revenue	\$ 3,493,222	
EXPENDITURES		
Personnel Expenses		
Wages, Benefits and Payroll Taxes	\$ 1,874,765	Use staffing workbook
Substitute Teachers	\$ 8,900	
Professional Development	\$ 23,000	
Bonuses		
Other HR	\$ 16,000	
Other (please describe)		
Total Personnel Expenses	\$ 1,922,665	
Instructional Supplies and Resources		
Textbooks	\$ 38,000	
Library, periodicals, etc	\$ 17,700	
Technology	\$ 20,000	
Assessment materials	\$ 10,000	
Computers	\$ 14,000	
Software	\$ 9,000	

Other classroom supplies	\$	17,800	
Field trips, other unclassified items	\$	15,000	
Co-curricular & Athletics			
Other (please describe)			
Total Instructional Supplies and Resources	\$	141,500	
Support Supplies and Resources			
Administrative Computers	\$	4,000	
Administrative Software	\$	3,000	
Administration Dues, fees, misc expenses			
Office supplies			
Other (please describe)			
Total Support Supplies and Resources	\$	7,000	
Board Expenses			
Charter Board Services, including Board Training, retreats			
Charter Board Supplies & Equipment			
Charter Board Dues, fees, etc			
Other (please describe)			
Total Board Expenses	\$	-	
Professional Purchased or Contracted Services			
Legal Services	\$	4,000	
Audit Services (compliant with SBOA requirements)	\$	18,000	
Payroll Services	\$	16,000	
Accounting Services	\$	34,000	
Printing/Newsletter/Annual Report Services	\$	17,800	
Consultants	\$	40,000	
Internet Services	\$	2,650	
Telephone/Telecommunication Services	\$	1,800	
Total Insurance Costs (per ICSB requirements detailed in charter school application)	\$	50,000	
Travel			
Postage	\$	8,800	
Special Education Services			
Student Information Services			
Food service	\$	148,500	
Transportation	\$	99,500	
Nursing Services			
Other Marketing	\$	12,400	
Other In-Kind	\$	106,000	
Other (please describe)			
Other (please describe)			
Total Professional Purchased or Contracted Services	\$	559,450	
Facilities			
Rent, mortgage, or other facility cost	\$	535,000	
Furniture & Equipment	\$	22,860	

Gas/electric	\$	60,000	
Water/ Sewer	\$	25,000	
Grounds Keeping	\$	22,000	
Maintenance Services	\$	60,000	
Custodial	\$	80,000	
Waste disposal	\$	2,500	
Debt Service for Facilities (Interest Only)			
DORS Facilities Reimbursement	\$	(325,000)	
Other (please describe)			
Other (please describe)			
Other (please describe)			
Total Facilities	\$	482,360	
Other			
Contingency	\$	75,000	
Indiana Charter School Board Administrative Fee	\$	81,129	Assume 3% of Basic Grant (Row 6)
CMO/EMO Fee	\$	78,740	Be certain to reflect the full amount of any fee, including the management fee and any pass-through fees. If pass-through fees are reflected elsewhere in the budget, please clearly indicate this in the Budget Narrative.
Common School Fund Loan Interest Costs			
CHI Advance Repayment	\$	125,000	
Other (please describe)			
Other (please describe)			
Total Other	\$	359,869	
Total Expenditures	\$	3,472,845	
Carryover/Deficit	\$	20,377	

Cumulative Carryover/(Deficit)

Expected New School Annual Operating Budget -- YEAR 4 -- Fiscal Year July 1-June 30

REVENUE	Amount	Notes
State Revenue		
Basic Grant	\$ 3,293,887	Be certain to reflect Indiana's ONGOING school funding formula payment lag
Common School Loan		
State Matching Funds for School Lunch Program		
Professional Development		
Technology Grants		
Remediation Program - 21 Century	\$ 80,000	
Full-Day Kindergarten		Each full-day Kindergarten student counts as one-half of a student (0.5) for purposes of ADM funding. In addition, schools are eligible for an annual grant of \$2,400 per full-day Kindergarten student.
Gifted and Talented Program		
Textbook Reimbursement		
Summer School		
Other State Revenue (please describe)		
Other State Revenue (please describe)		
Federal Revenue		
Public Law 101-476 (IDEA)		
Title I	\$ 345,100	
Title II		
Federal Lunch Program	\$ 183,600	
Federal Breakfast Reimbursement		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenues		
Committed Philanthropic Donations		
Before and After Care Fees		
Interest Income		
Other TAP	\$ 58,000	
Other Competitive Grants	\$ 100,000	
Other In-Kind	\$ 109,300	
Christel House International	\$ -	
Total Revenue	\$ 4,169,887	
EXPENDITURES		
Personnel Expenses		
Wages, Benefits and Payroll Taxes	\$ 2,170,776	Use staffing workbook
Substitute Teachers	\$ 9,000	
Professional Development	\$ 26,200	
Bonuses		
Other HR	\$ 16,400	
Other (please describe)		
Total Personnel Expenses	\$ 2,222,376	
Instructional Supplies and Resources		
Textbooks	\$ 46,000	
Library, periodicals, etc	\$ 21,900	
Technology	\$ 20,000	
Assessment materials	\$ 10,000	
Computers	\$ 17,500	
Software	\$ 11,000	

Other classroom supplies	\$	21,900	
Field trips, other unclassified items	\$	18,000	
Co-curricular & Athletics			
Other (please describe)			
Total Instructional Supplies and Resources	\$	166,300	
Support Supplies and Resources			
Administrative Computers	\$	5,000	
Administrative Software	\$	2,000	
Administration Dues, fees, misc expenses			
Office supplies			
Other (please describe)			
Total Support Supplies and Resources	\$	7,000	
Board Expenses			
Charter Board Services, including Board Training, retreats			
Charter Board Supplies & Equipment			
Charter Board Dues, fees, etc			
Other (please describe)			
Total Board Expenses	\$	-	
Professional Purchased or Contracted Services			
Legal Services	\$	4,000	
Audit Services (compliant with SBOA requirements)	\$	19,000	
Payroll Services	\$	18,000	
Accounting Services	\$	40,000	
Printing/Newsletter/Annual Report Services	\$	21,900	
Consultants	\$	45,000	
Internet Services	\$	3,300	
Telephone/Telecommunication Services	\$	2,200	
Total Insurance Costs (per ICSB requirements detailed in charter school application)	\$	55,000	
Travel			
Postage	\$	10,900	
Special Education Services			
Student Information Services			
Food service	\$	184,000	
Transportation	\$	123,000	
Nursing Services			
Other Marketing	\$	15,300	
Other In-Kind	\$	109,300	
Other (please describe)			
Other (please describe)			
Total Professional Purchased or Contracted Services	\$	650,900	
Facilities			
Rent, mortgage, or other facility cost	\$	540,000	
Furniture & Equipment	\$	23,710	

Gas/electric	\$	65,000	
Water/ Sewer	\$	28,000	
Grounds Keeping	\$	24,000	
Maintenance Services	\$	70,000	
Custodial	\$	90,000	
Waste disposal	\$	2,500	
Debt Service for Facilities (Interest Only)			
DORS Facilities Reimbursement	\$	(330,000)	
Other (please describe)			
Other (please describe)			
Other (please describe)			
Total Facilities	\$	513,210	
Other			
Contingency	\$	150,000	
Indiana Charter School Board Administrative Fee	\$	98,817	Assume 3% of Basic Grant (Row 6)
			Be certain to reflect the full amount of any fee, including the management fee and any pass-through fees. If pass-through fees are reflected elsewhere in the budget, please clearly indicate this in the Budget Narrative.
CMO/EMO Fee	\$	88,900	
Common School Fund Loan Interest Costs			
CHI Advance Repayment	\$	200,000	
Other (please describe)			
Other (please describe)			
Total Other	\$	537,717	
Total Expenditures	\$	4,097,503	
Carryover/Deficit	\$	72,384	

Cumulative Carryover/(Deficit)

Expected New School Annual Operating Budget -- YEAR 5 -- Fiscal Year July 1-June 30

REVENUE	Amount	Notes
State Revenue		
Basic Grant	\$ 3,900,500	Be certain to reflect Indiana's ONGOING school funding formula payment lag
Common School Loan		
State Matching Funds for School Lunch Program		
Professional Development		
Technology Grants		
Remediation Program - 21 Century	\$ 90,000	
Full-Day Kindergarten		Each full-day Kindergarten student counts as one-half of a student (0.5) for purposes of ADM funding. In addition, schools are eligible for an annual grant of \$2,400 per full-day Kindergarten student.
Gifted and Talented Program		
Textbook Reimbursement		
Summer School		
Other State Revenue (please describe)		
Other State Revenue (please describe)		
Federal Revenue		
Public Law 101-476 (IDEA)		
Title I	\$ 409,000	
Title II		
Federal Lunch Program	\$ 220,600	
Federal Breakfast Reimbursement		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenue Federal sources (please describe)		
Other Revenues		
Committed Philanthropic Donations		
Before and After Care Fees		
Interest Income		
Other TAP	\$ 31,000	
Other Competitive Grants	\$ 100,000	
Other In-Kind	\$ 113,000	
Christel House International	\$ -	
Total Revenue	\$ 4,864,100	
EXPENDITURES		
Personnel Expenses		
Wages, Benefits and Payroll Taxes	\$ 2,604,012	Use staffing workbook
Substitute Teachers	\$ 9,200	
Professional Development	\$ 30,700	
Bonuses		
Other HR	\$ 17,000	
Other (please describe)		
Total Personnel Expenses	\$ 2,660,912	
Instructional Supplies and Resources		
Textbooks	\$ 53,400	
Library, periodicals, etc	\$ 26,300	
Technology	\$ 20,000	
Assessment materials	\$ 10,000	
Computers	\$ 21,000	
Software	\$ 13,100	

Other classroom supplies	\$	26,300	
Field trips, other unclassified items	\$	20,000	
Co-curricular & Athletics			
Other (please describe)			
Total Instructional Supplies and Resources	\$	190,100	
Support Supplies and Resources			
Administrative Computers	\$	5,000	
Administrative Software	\$	2,000	
Administration Dues, fees, misc expenses			
Office supplies			
Other (please describe)			
Total Support Supplies and Resources	\$	7,000	
Board Expenses			
Charter Board Services, including Board Training, retreats			
Charter Board Supplies & Equipment			
Charter Board Dues, fees, etc			
Other (please describe)			
Total Board Expenses	\$	-	
Professional Purchased or Contracted Services			
Legal Services	\$	4,000	
Audit Services (compliant with SBOA requirements)	\$	20,000	
Payroll Services	\$	19,000	
Accounting Services	\$	50,000	
Printing/Newsletter/Annual Report Services	\$	26,300	
Consultants	\$	50,000	
Internet Services	\$	3,900	
Telephone/Telecommunication Services	\$	2,600	
Total Insurance Costs (per ICSB requirements detailed in charter school application)	\$	60,000	
Travel			
Postage	\$	13,100	
Special Education Services			
Student Information Services			
Food service	\$	220,600	
Transportation	\$	148,000	
Nursing Services			
Other Marketing	\$	18,400	
Other In-Kind	\$	113,000	
Other (please describe)			
Other (please describe)			
Total Professional Purchased or Contracted Services	\$	748,900	
Facilities			
Rent, mortgage, or other facility cost	\$	550,000	
Furniture & Equipment	\$	24,850	

Gas/electric	\$	70,000	
Water/ Sewer	\$	30,000	
Grounds Keeping	\$	28,000	
Maintenance Services	\$	75,000	
Custodial	\$	100,000	
Waste disposal	\$	3,000	
Debt Service for Facilities (Interest Only)			
DORS Facilities Reimbursement	\$	(340,000)	
Other (please describe)			
Other (please describe)			
Other (please describe)			
Total Facilities	\$	540,850	
Other			
Contingency	\$	175,000	
Indiana Charter School Board Administrative Fee	\$	117,015	Assume 3% of Basic Grant (Row 6)
CMO/EMO Fee	\$	97,222	Be certain to reflect the full amount of any fee, including the management fee and any pass-through fees. If pass-through fees are reflected elsewhere in the budget, please clearly indicate this in the Budget Narrative.
Common School Fund Loan Interest Costs			
CHI Advance Repayment	\$	275,000	
Other (please describe)			
Other (please describe)			
Total Other	\$	664,237	
Total Expenditures	\$	4,811,999	
Carryover/Deficit	\$	52,101	

Cumulative Carryover/(Deficit)

ATTACHMENT 20

BUDGET SUMMARY AND ASSUMPTIONS

Christel House will execute a hub and spoke expansion strategy with the existing Christel House Academy serving as the central administrative headquarters (Hub) for expansion schools. The majority of the back-office functions will be conducted at the Academy including payroll and disbursements administration, risk management, technology management, etc. The Network expects that additional economies of scale can be gained through the operation of multiple schools, and that services common to all will be provided through the central purchasing power of CHA, which will lead to increased efficiency. Each expansion school will be charged a management fee for these services.

In addition to Christel House Academy, Christel House International will also provide support. This support includes financial support for those periods of time where expansion schools experience cash flow shortages. Christel House International will provide the necessary short-term working capital funding as required.

In addition, CH International has a well-developed fundraising function which will be deployed to secure any additional resources necessary to ensure that desired programs and services can be adequately funded.

Each expansion K-12 school will require the purchase and/or construction of school facilities. Christel House International will undertake the acquisition of such facilities including funding of needed facility purchases and/or construction. Each expansion school will then lease the facility from Christel House International at market rental/lease rates.

A five-year pro forma budget has been prepared for a Christel House K-12 expansion school as well as a related Christel House DORS expansion school. It is expected that each K-12 and DORS expansion school will mirror the pro forma budgets provided in this charter application package. As such, multiple K-12/DORS budgets have not been prepared.

A summary of each pro forma five-year budget follows:

K-12

The startup year as well as the first year of operations of an expansion K-12 school will require the financial support of Christel House International. It is expected that Christel House International will provide working capital advances in the amount of \$460,000 in

the year of start up and \$300,000 in the first year of operations. These advances will be repaid starting in year two of operations through year six.

Facilities expenses are based on actual operating experience with CHA's school in Indianapolis. Technology costs are based on outfitting one computer lab in the early years of the schools' operation. As additional grades are added and need requires, a second lab will be added. By the time students are in 7th grade, they will each be issued netbooks / iPads and no additional computer infrastructure will be required. Costs of tech support, replacement equipment, repairs, and servers will be paid out of start up PCSP grants, or other private or public funding sources.

DORS

A DORS expansion school will require considerably less in the way of a working capital advances in the startup year. CHI will provide an estimated \$40,000 of working capital advance to each DORS school and this advance will be paid back in the fourth year of operations.

Each DORS expansion school will operate within the same facility as a related expansion K-12 school. As such, the DORS school will pay rent at market rental rates to the expansion K-12 school for the portion of facilities utilized.

Other Financial Considerations

The development office of Christel House International will assist each expansion charter school in actively researching and pursuing additional funding from individuals, businesses and foundations interested in offering additional educational opportunities to the youth of the Gary community. Our organization has outstanding grant writing capabilities, and would anticipate vigorously pursuing both public and private competitive grant funding to support its Gary expansion. Initial research indicates possible synergy with the Walton Family Foundation and the Joyce Foundation. Because of the extremely high social costs of the unmet needs in the Gary community, it is anticipated that supporting an effective school network there will be attractive to a great many potential funders.

CHA anticipates covering a portion of the Start-Up expenses of the new schools by requesting funding through PCSP state planning and implementation grants, Walton Family Foundation grants and private funding sources, if required. CHA is accustomed

to managing special education, transportation expenses and required retirement plan contributions within the budgeted framework of public funding, and does not anticipate needing additional funding to cover these expenditures.

ATTACHMENT 21
SCHOOL PORTFOLIO

	Christel House Academy	Christel House DORS
Year Opened	2002	2012
Location	2717 South East St Indianapolis, IN	2717 South East St Indianapolis, IN
Authorizer	Office of Mayor, Indpls. Brandon Brown 317-327-3621	Office of Mayor, Indpls. I Brandon Brown 317-327-3621
Number/ Students/ Grade Levels	613 students/ K-11	175 students/ 9-12
Free/ Reduced Lunch	92%	84%
Demographic Ethnicity	35% Hispanic 30% Caucasian 25% African American 10% Multi-racial	40% African American 31.8% Hispanic 25% Caucasian 1.8% Multi-racial 1.2% Asian/Pacific Islander
Special Education	16%	1% (only students under 21 that request SPED services are counted in the number, most students have aged out)
ELL	30%	27.5%
State Assessment Results/ Past 5 years	See Attached	Not yet available
4-year Graduation Rate	Not yet available	Not yet available
College/ Career Readiness	Not yet available	Not yet available
Number/ % enrolling in post-secondary institutions	Not yet available	Not yet available

SEE ATTACHED ISTEP RESULTS FOR 5 YEAR HISTORICAL PERFORMANCE, BY GRADE LEVEL

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Christel House Academy (5874)

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[School Homepage](#)

Principal: Mr Carey Dahncke
cdahncke@chacademy.org
Grade Levels KG - 12
Accreditation Status: Charter Accredited

Marion County
Charter School



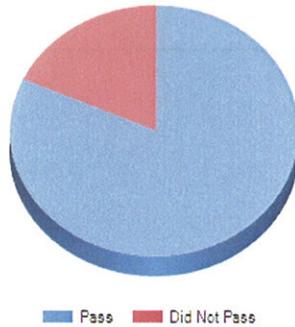
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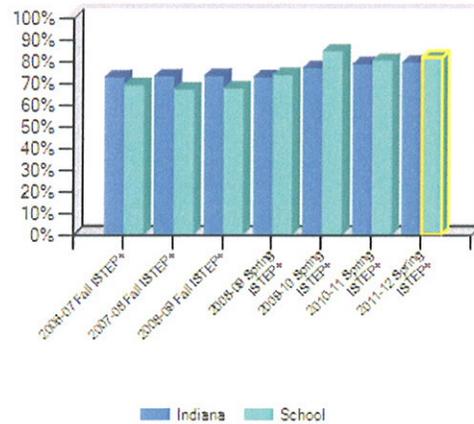
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Year: Subject: Grade:

ISTEP+ 2011-12



ISTEP+ Percent Passing Trend



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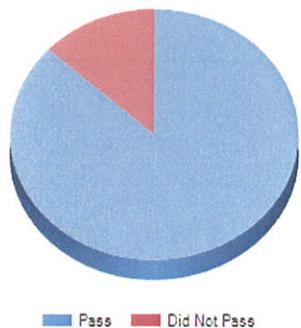
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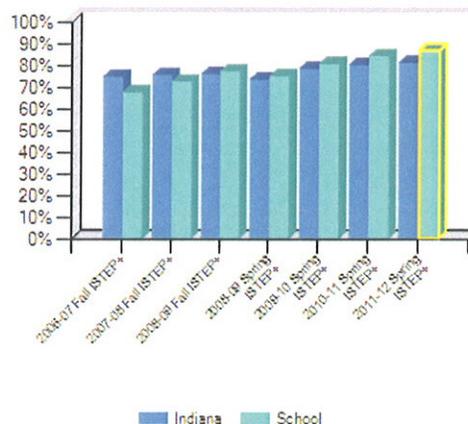
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Year: 2011-12 Subject: Math Only Grade: All Grades

ISTEP+ 2011-12



ISTEP+ Percent Passing Trend



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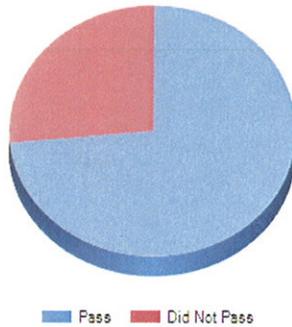
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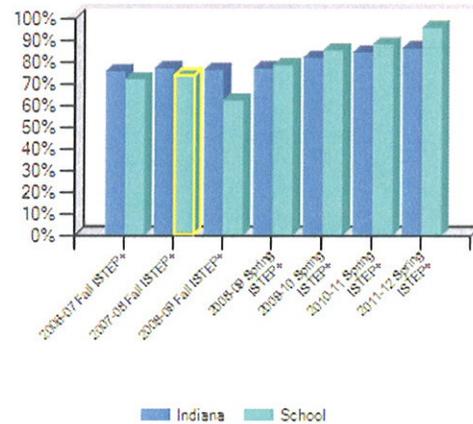
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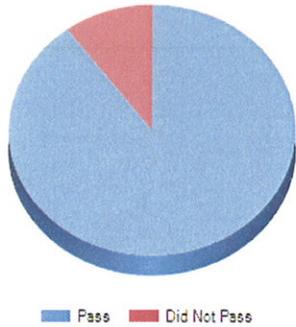
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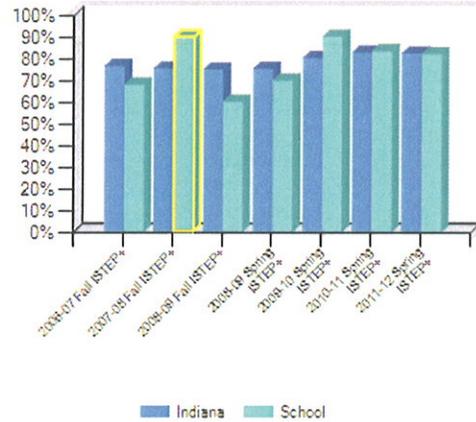
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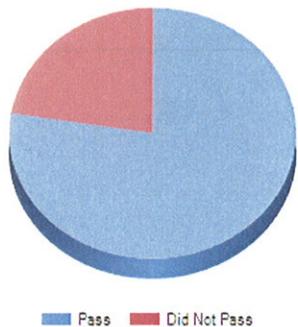
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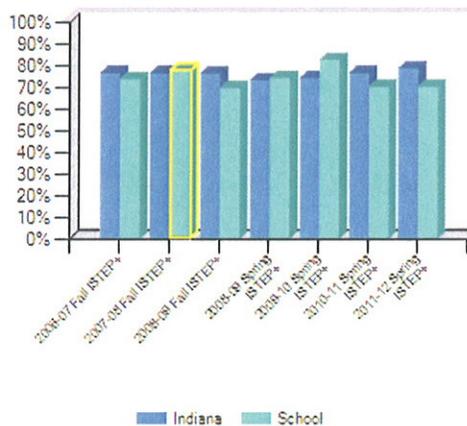
ISTEP+ Overview

Year: 2007-08 Subject: English/Language Arts Only Grade: Grade 5

ISTEP+ 2007-08



ISTEP+ Percent Passing Trend



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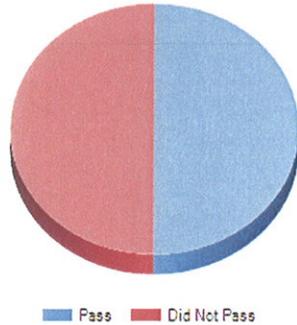
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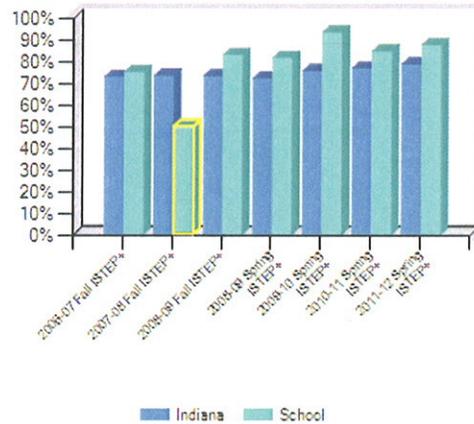
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Year: 2007-08 Subject: English/Language Arts Only Grade: Grade 6

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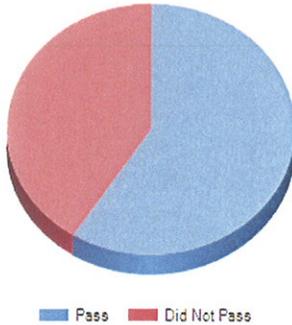
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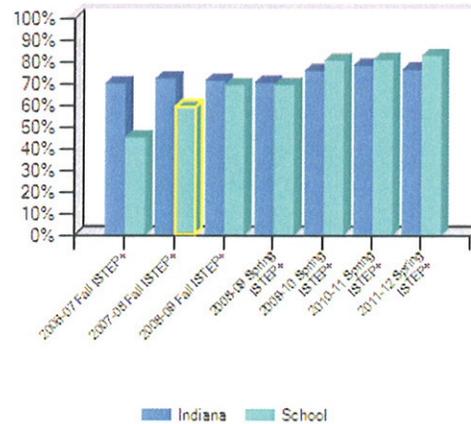
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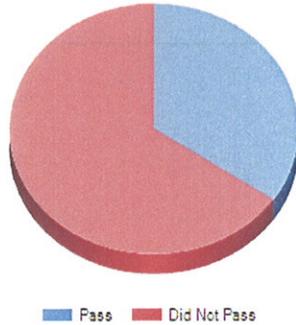
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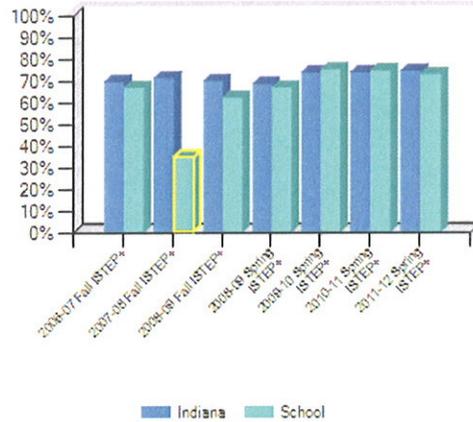
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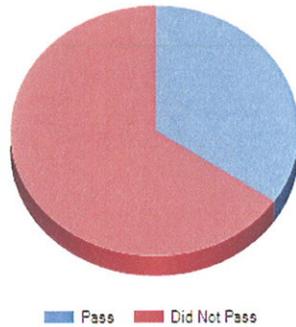
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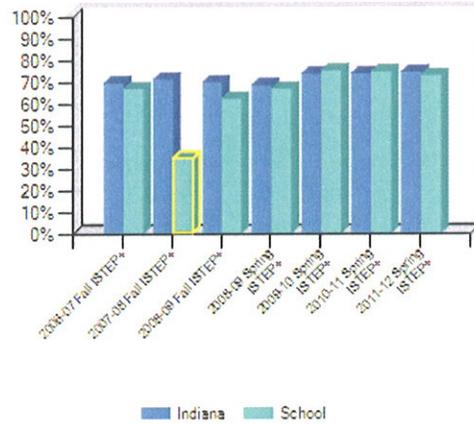
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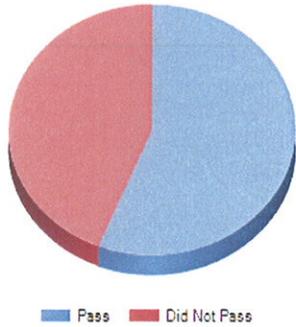
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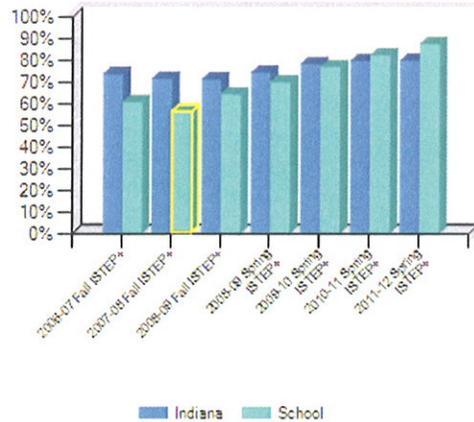
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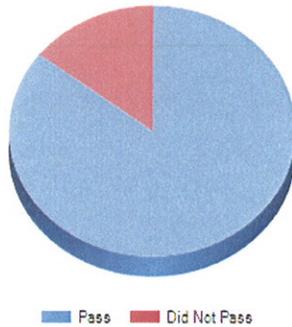
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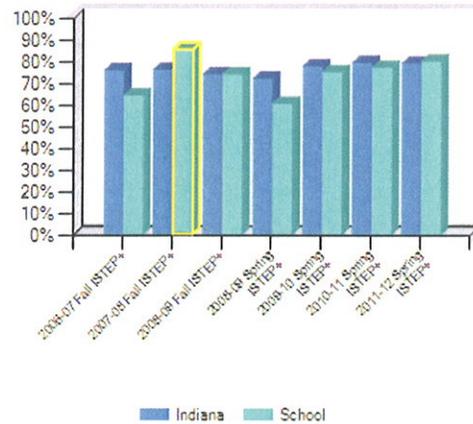
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Year: 2007-08 Subject: Math Only Grade: Grade 4

ISTEP+ 2007-08



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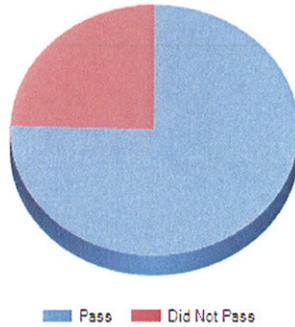
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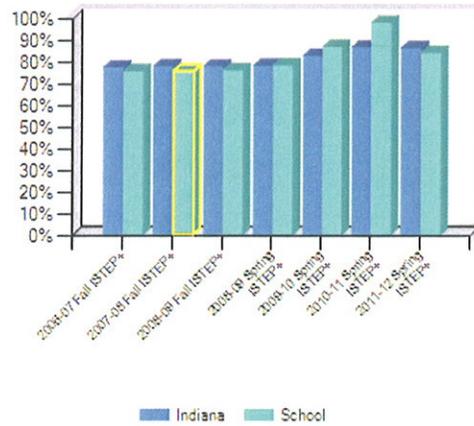
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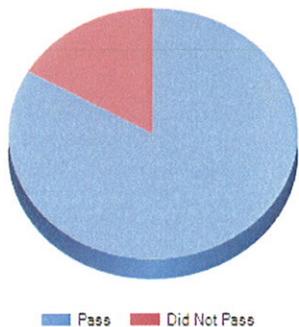
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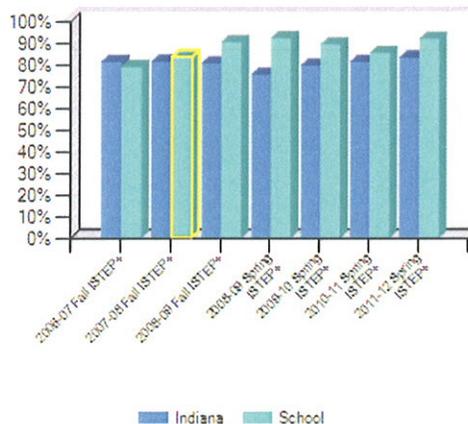
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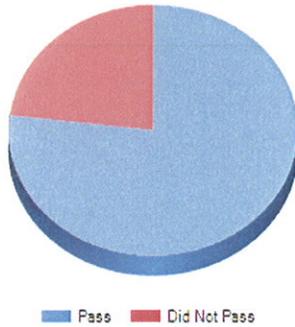
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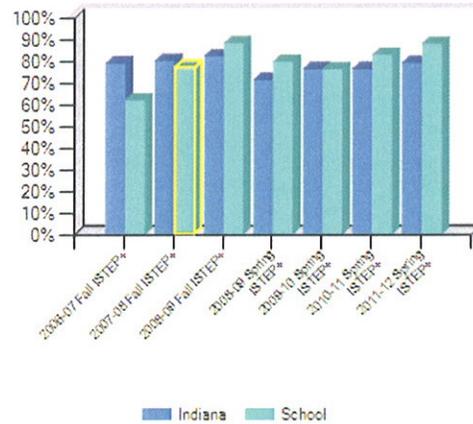
ISTEP+ Overview

Year: Subject: Grade:

ISTEP+ 2007-08



ISTEP+ Percent Passing Trend



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Principal: Mr Carey Dahncke
cdahncke@chacademy.org
Grade Levels KG - 12
Accreditation Status: Charter Accredited

Marion County
Charter School



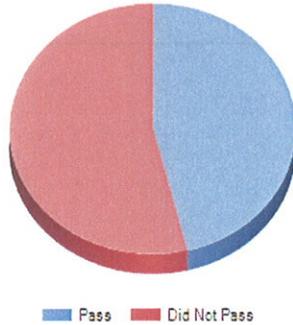
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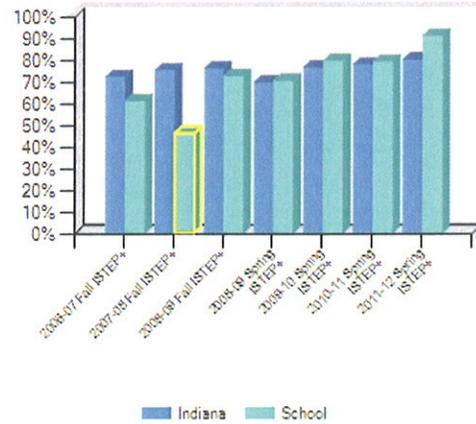
ISTEP+ Overview

Year: 2007-08 Subject: Math Only Grade: Grade 8

ISTEP+ 2007-08



ISTEP+ Percent Passing Trend



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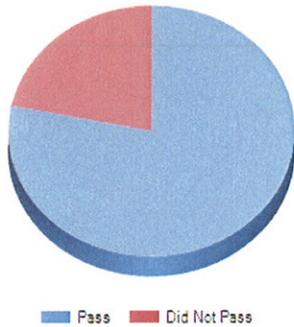
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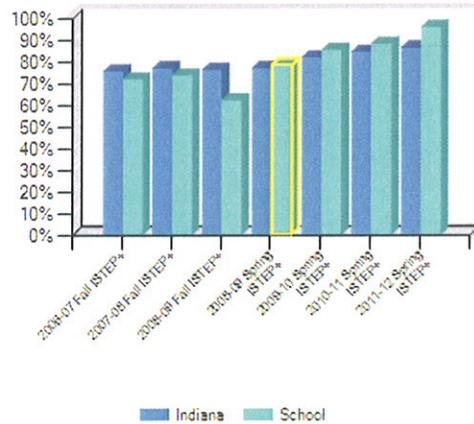
ISTEP+ Overview

Year: 2008-09 Spring ISTEP+ Subject: English/Language Arts Only Grade: Grade 3

ISTEP+ 2008-09 Spring



ISTEP+ Percent Passing Trend



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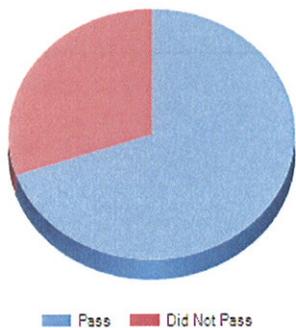
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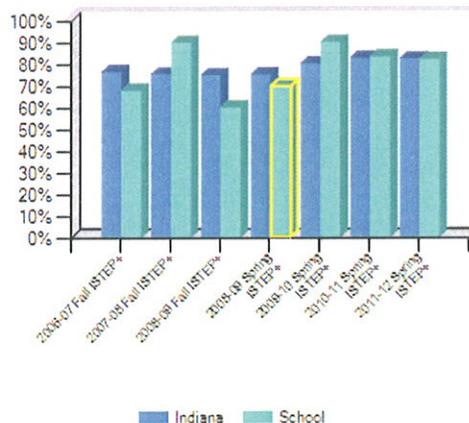
ISTEP+ Overview

Year: 2008-09 Spring ISTEP+ Subject: English/Language Arts Only Grade: Grade 4

ISTEP+ 2008-09 Spring



ISTEP+ Percent Passing Trend



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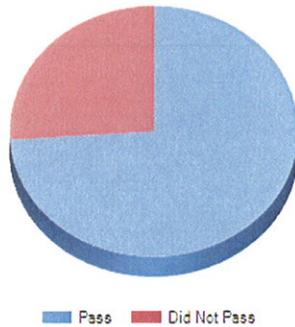
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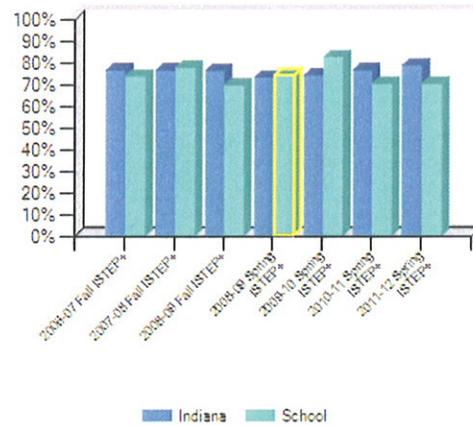
ISTEP+ Overview

Year: 2008-09 Spring ISTEP+ Subject: English/Language Arts Only Grade: Grade 5

ISTEP+ 2008-09 Spring



ISTEP+ Percent Passing Trend



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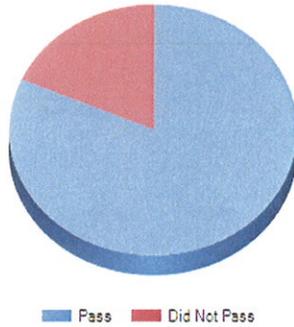
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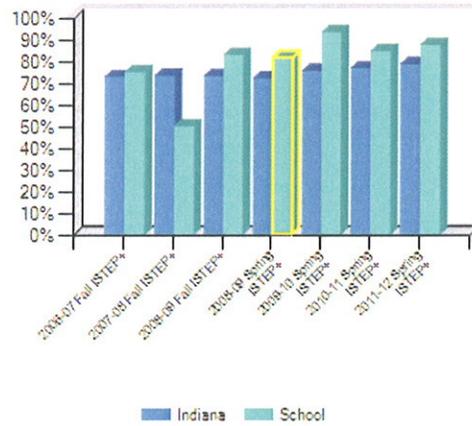
ISTEP+ Overview

Year: 2008-09 Spring ISTEP+ Subject: English/Language Arts Only Grade: Grade 6

ISTEP+ 2008-09 Spring



ISTEP+ Percent Passing Trend



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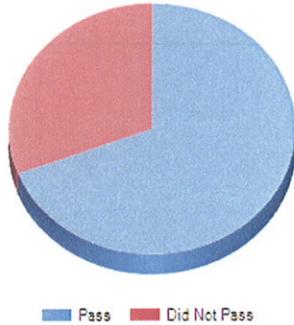
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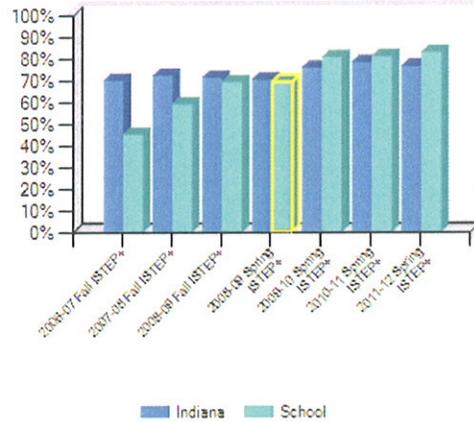
ISTEP+ Overview

Year: 2008-09 Spring ISTEP+ Subject: English/Language Arts Only Grade: Grade 7

ISTEP+ 2008-09 Spring



ISTEP+ Percent Passing Trend



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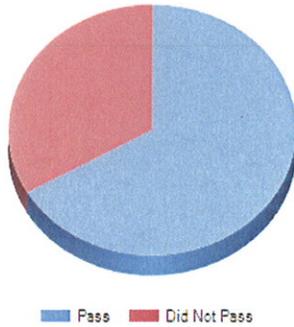
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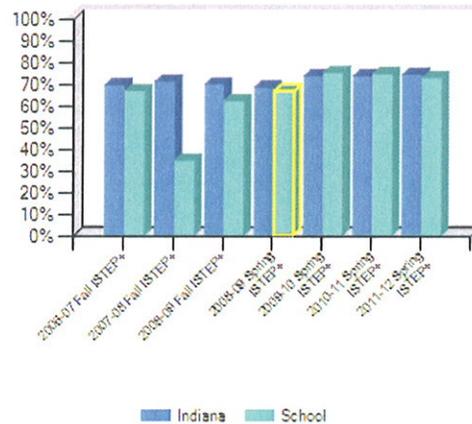
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Year: 2008-09 Spring ISTEP+ Subject: English/Language Arts Only Grade: Grade 8

ISTEP+ 2008-09 Spring



ISTEP+ Percent Passing Trend



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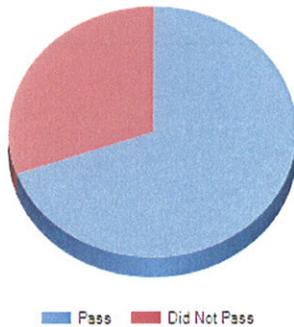
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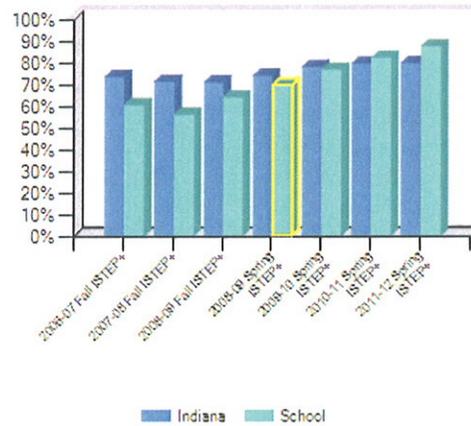
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Year: 2008-09 Spring ISTEP+ Subject: Math Only Grade: Grade 3

ISTEP+ 2008-09 Spring



ISTEP+ Percent Passing Trend



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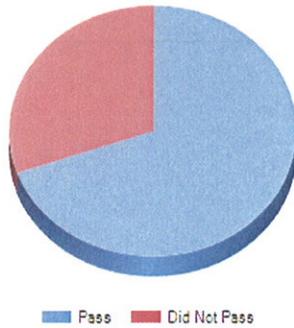
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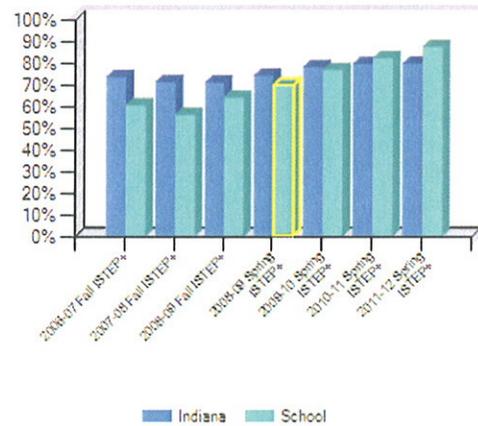
ISTEP+ Overview

Year: 2008-09 Spring ISTEP+ Subject: Math Only Grade: Grade 4 Updating, please wait...

ISTEP+ 2008-09 Spring



ISTEP+ Percent Passing Trend



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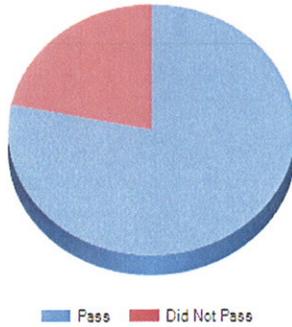
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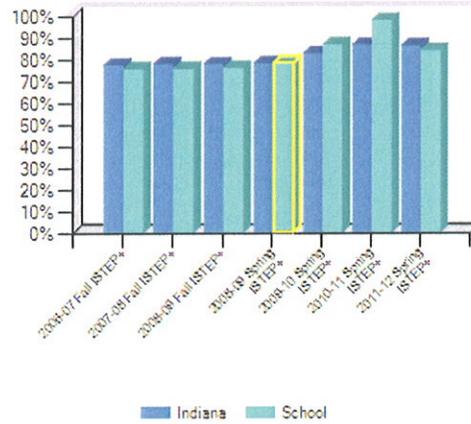
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ISTEP+ Percent Passing Trend



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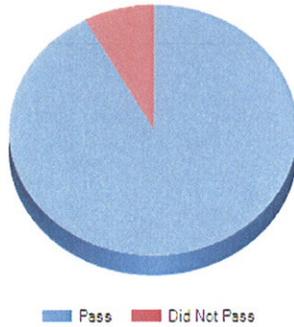
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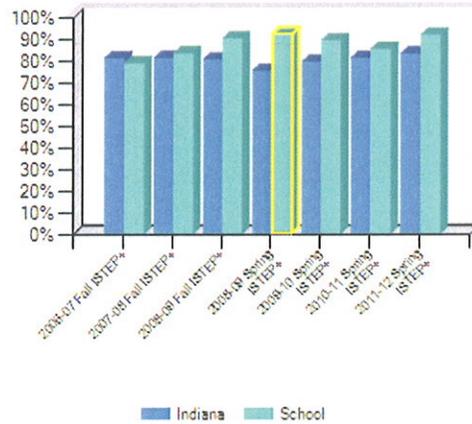
Year: 2008-09 Spring ISTEP+ Subject: Math Only Grade: Grade 6

ISTEP+ 2008-09 Spring



Pass Did Not Pass

ISTEP+ Percent Passing Trend



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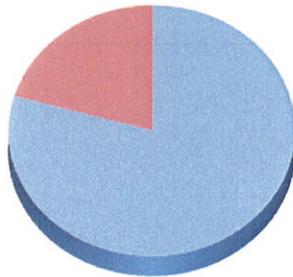
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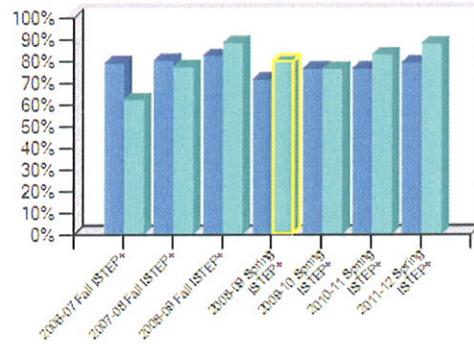
Year: 2008-09 Spring ISTEP+ Subject: Math Only Grade: Grade 7

ISTEP+ 2008-09 Spring



■ Pass ■ Did Not Pass

ISTEP+ Percent Passing Trend



■ Indiana ■ School

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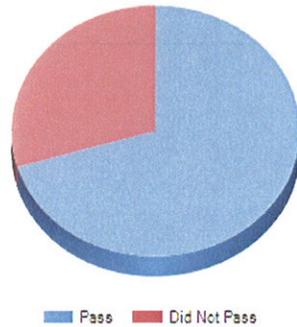
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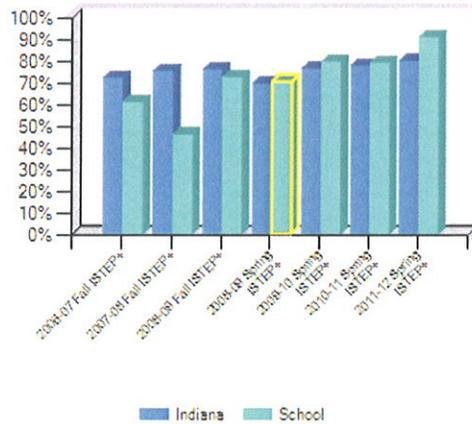
ISTEP+ Overview

Year: 2008-09 Spring ISTEP+ Subject: Math Only Grade: Grade 8

ISTEP+ 2008-09 Spring



ISTEP+ Percent Passing Trend



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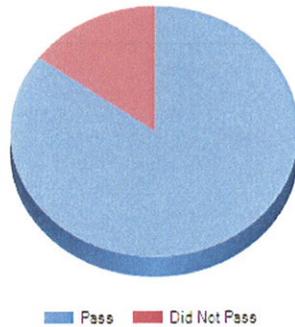
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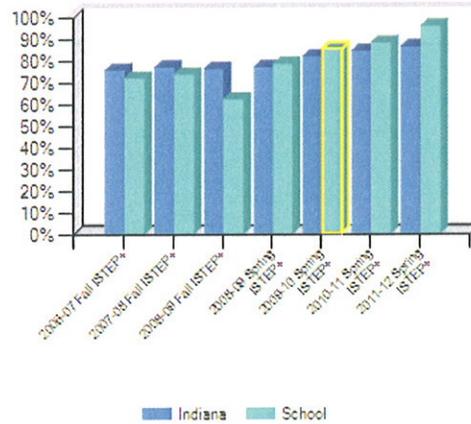
ISTEP+ Overview

Year: 2009-10 Subject: English/Language Arts Only Grade: Grade 3

ISTEP+ 2009-10



ISTEP+ Percent Passing Trend



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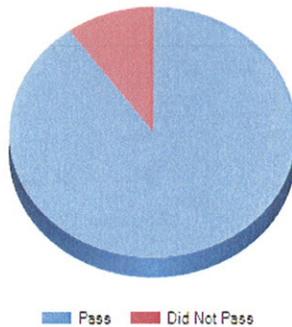
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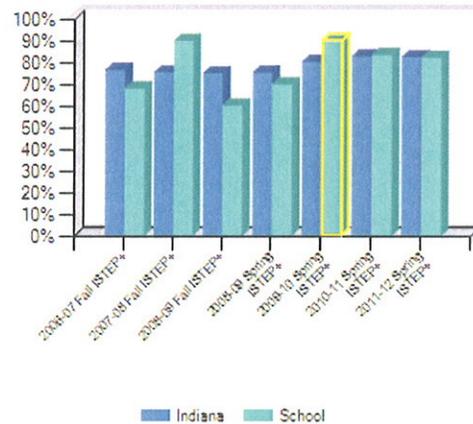
ISTEP+ Overview

Year: 2009-10 Subject: English/Language Arts Only Grade: Grade 4

ISTEP+ 2009-10



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cdahnce@chacademy.org
Grade Levels KG - 12
Accreditation Status: Charter Accredited

Marion County
Charter School



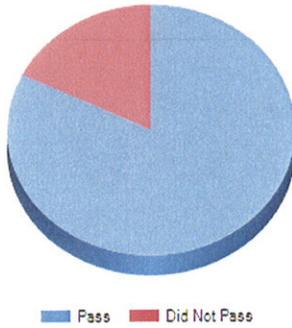
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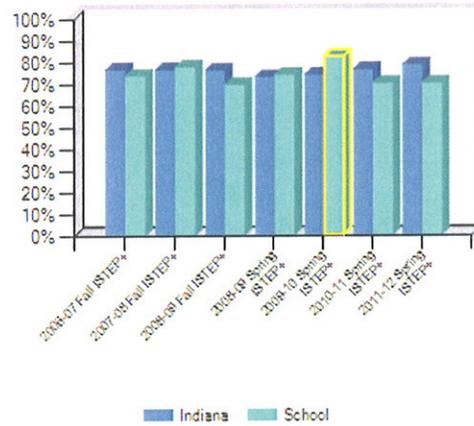
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Year: 2009-10 Subject: English/Language Arts Only Grade: Grade 5

ISTEP+ 2009-10



ISTEP+ Percent Passing Trend



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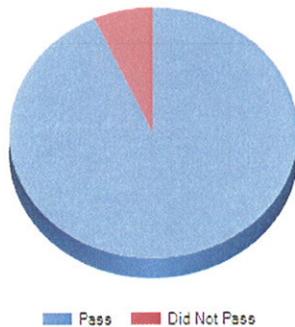
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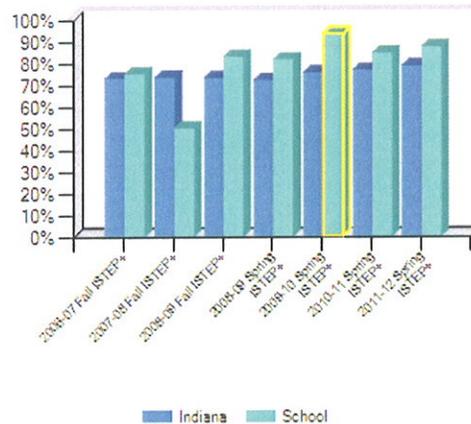
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Year: 2009-10 Subject: English/Language Arts Only Grade: Grade 6

ISTEP+ 2009-10



ISTEP+ Percent Passing Trend



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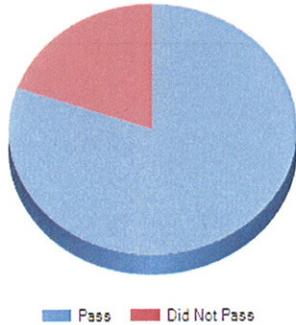
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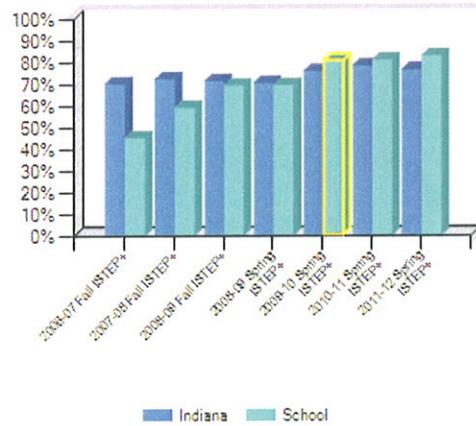
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ISTEP+ Percent Passing Trend



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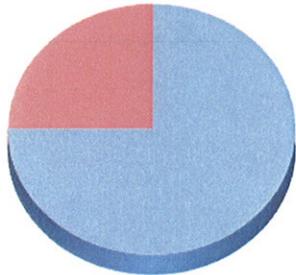
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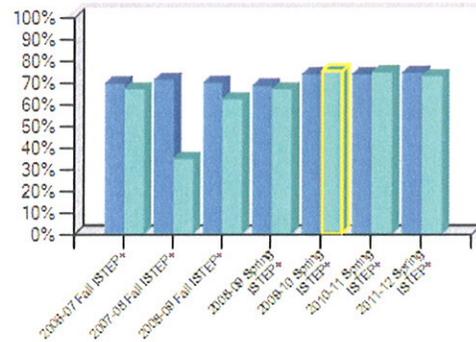
Year: 2009-10 Subject: English/Language Arts Only Grade: Grade 8

ISTEP+ 2009-10



■ Pass ■ Did Not Pass

ISTEP+ Percent Passing Trend



■ Indiana ■ School

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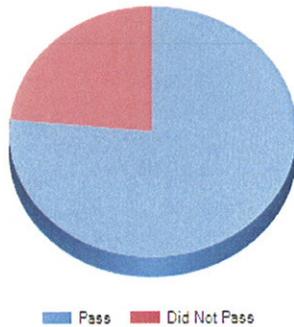
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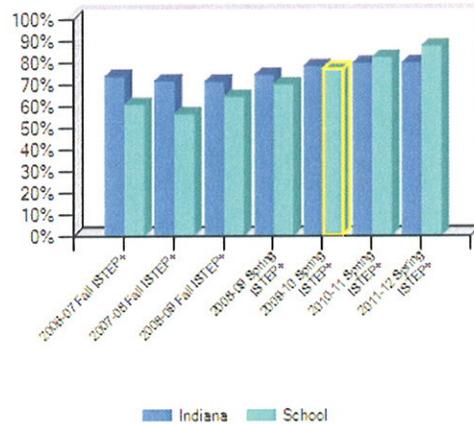
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Year: 2009-10 Subject: Math Only Grade: Grade 3

ISTEP+ 2009-10



ISTEP+ Percent Passing Trend



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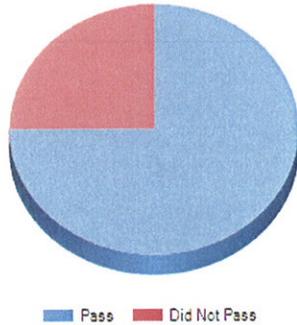
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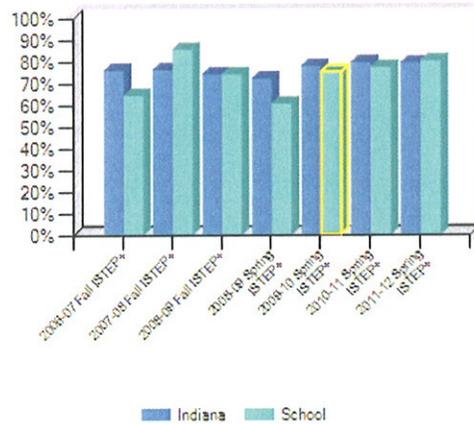
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Year: 2009-10 Subject: **Math Only** Grade: **Grade 4**

ISTEP+ 2009-10



ISTEP+ Percent Passing Trend



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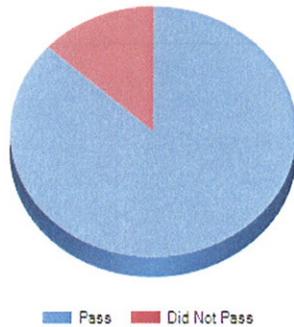
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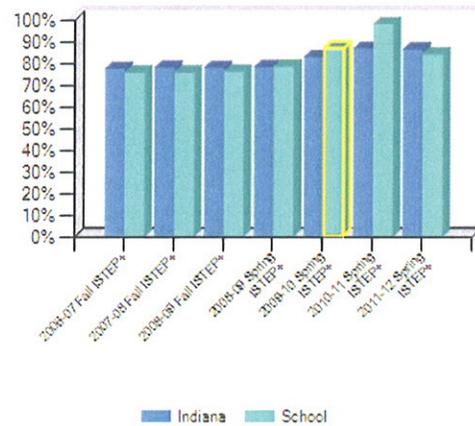
ISTEP+ Overview

Year: 2009-10 Subject: Math Only Grade: Grade 5

ISTEP+ 2009-10



ISTEP+ Percent Passing Trend



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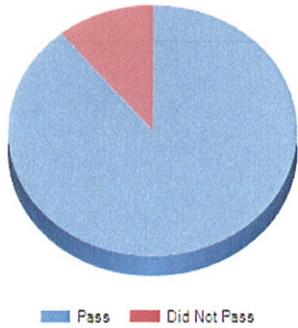
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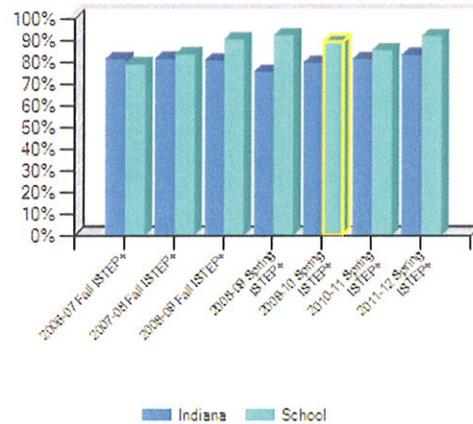
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Year: 2009-10 Subject: Math Only Grade: Grade 6

ISTEP+ 2009-10



ISTEP+ Percent Passing Trend



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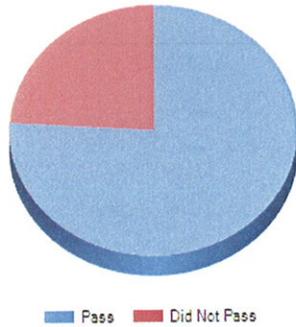
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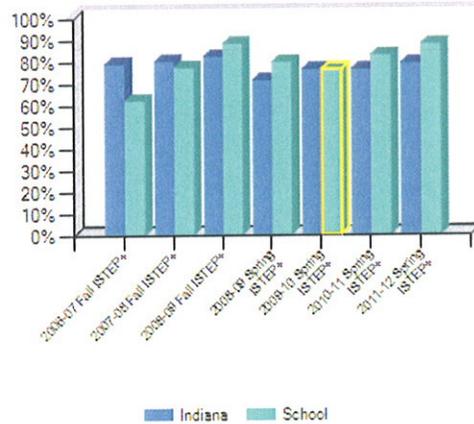
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ISTEP+ Percent Passing Trend



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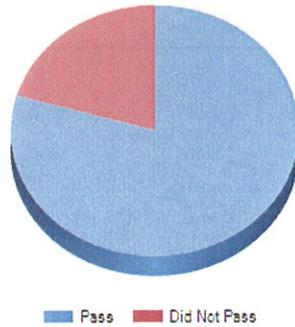
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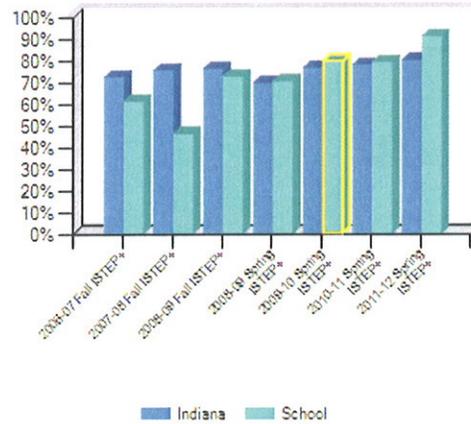
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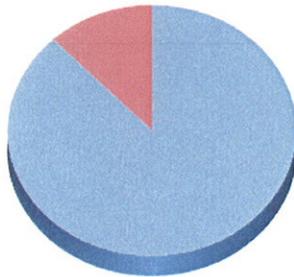
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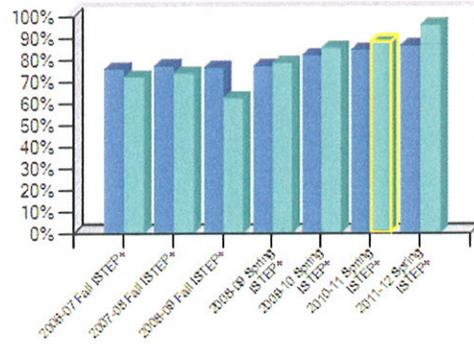
Year: 2010-11 Subject: English/Language Arts Only Grade: Grade 3

ISTEP+ 2010-11



Pass Did Not Pass

ISTEP+ Percent Passing Trend



Indiana School

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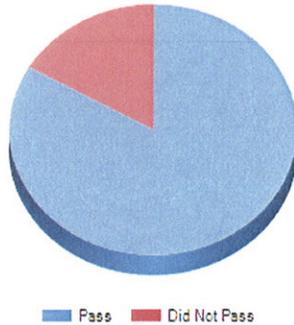
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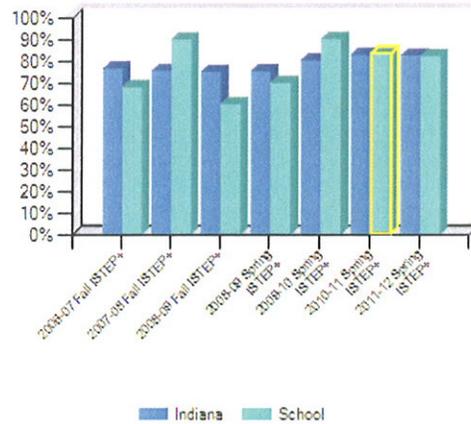
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Year: 2010-11 Subject: English/Language Arts Only Grade: Grade 4

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ISTEP+ Percent Passing Trend



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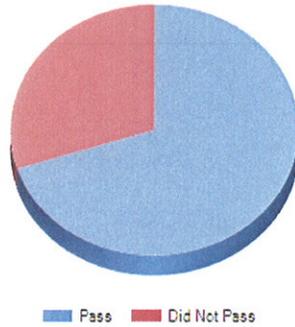
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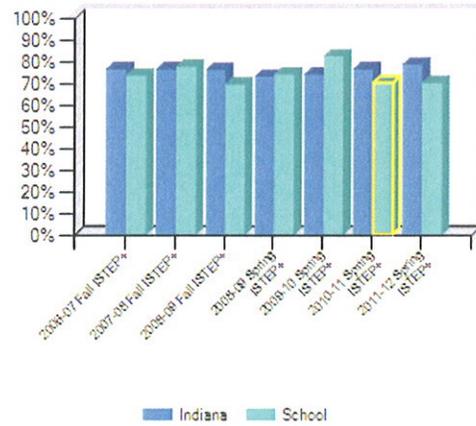
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Year: 2010-11 Subject: English/Language Arts Only Grade: Grade 5

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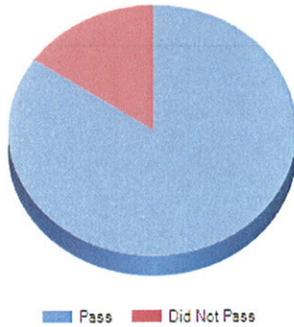
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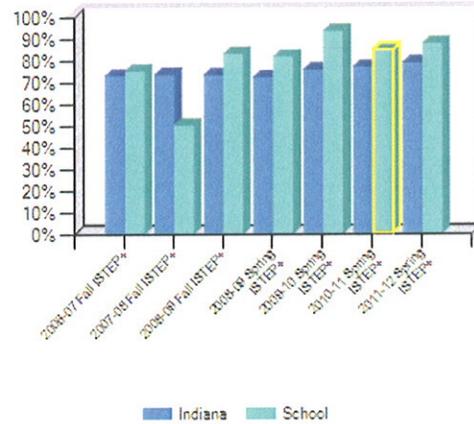
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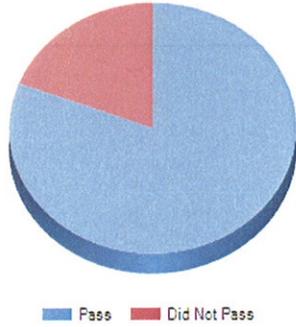
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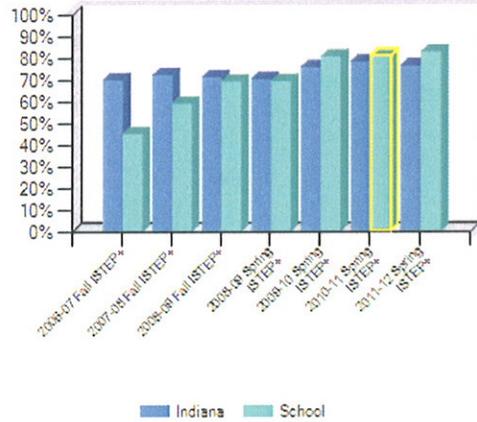
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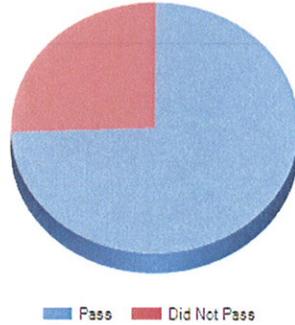
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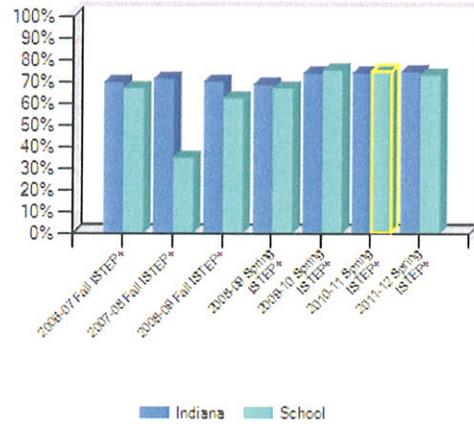
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 Grade Levels KG - 12
 Accreditation Status: Charter Accredited

Marion County
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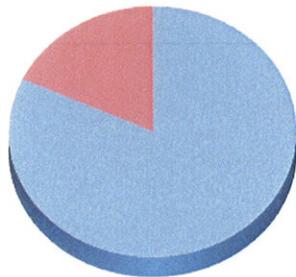
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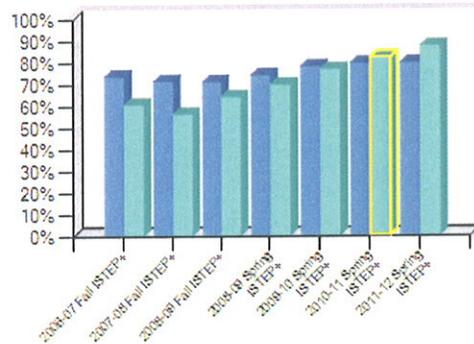
Year: 2010-11 Subject: Math Only Grade: Grade 3

ISTEP+ 2010-11



■ Pass ■ Did Not Pass

ISTEP+ Percent Passing Trend



■ Indiana ■ School

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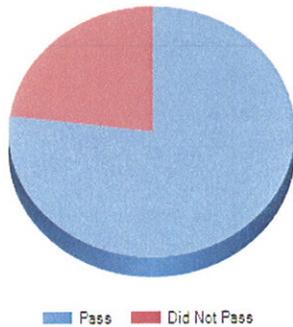
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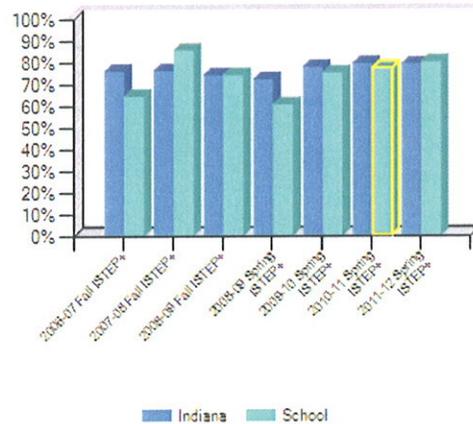
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Year: 2010-11 Subject: Math Only Grade: Grade 4

ISTEP+ 2010-11



ISTEP+ Percent Passing Trend



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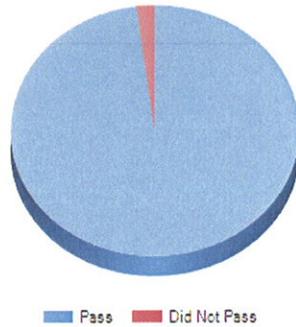
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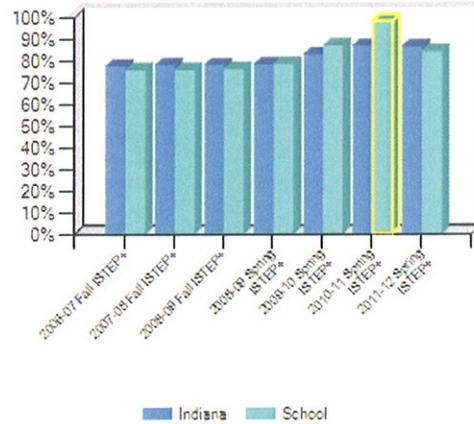
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Year: 2010-11 Subject: Math Only Grade: Grade 5

ISTEP+ 2010-11



ISTEP+ Percent Passing Trend



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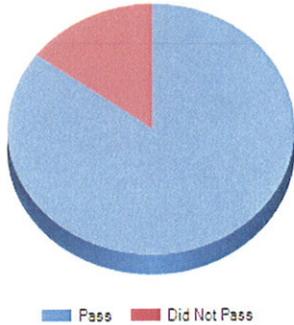
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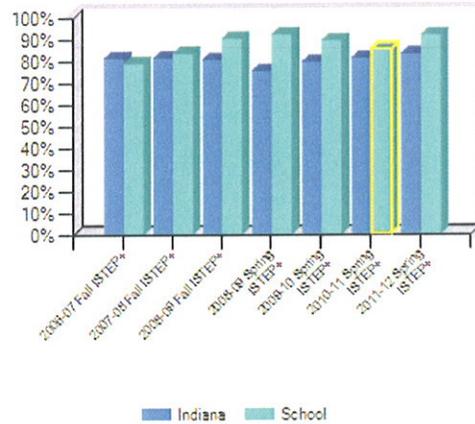
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Year: 2010-11 Subject: Math Only Grade: Grade 6

ISTEP+ 2010-11



ISTEP+ Percent Passing Trend



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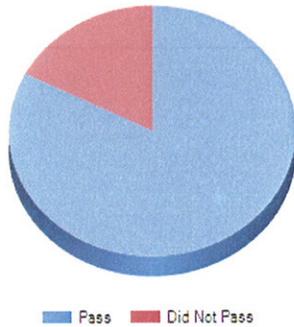
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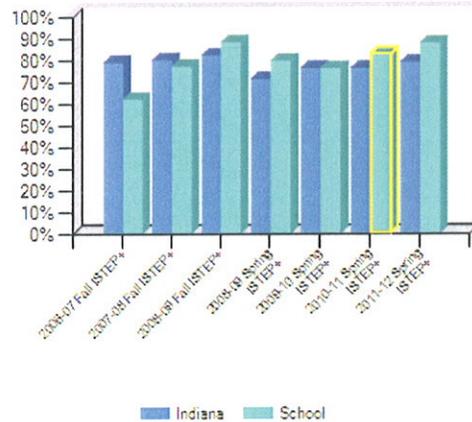
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Year: 2010-11 Subject: Math Only Grade: Grade 7

ISTEP+ 2010-11



ISTEP+ Percent Passing Trend



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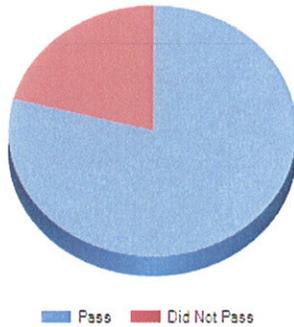
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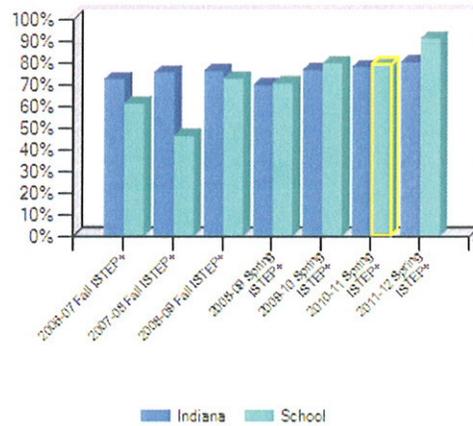
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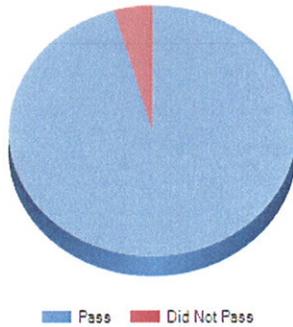
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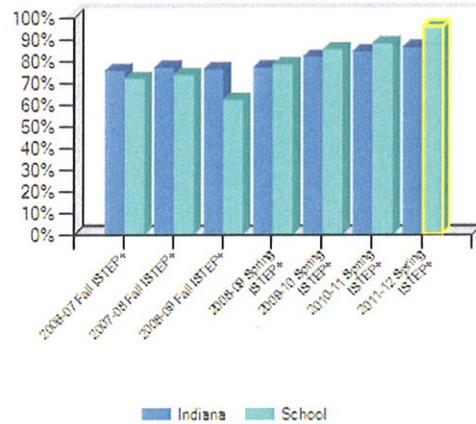
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Year: 2011-12 Subject: English/Language Arts Only Grade: Grade 3

ISTEP+ 2011-12



ISTEP+ Percent Passing Trend



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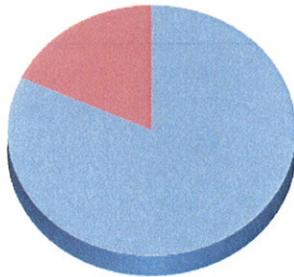
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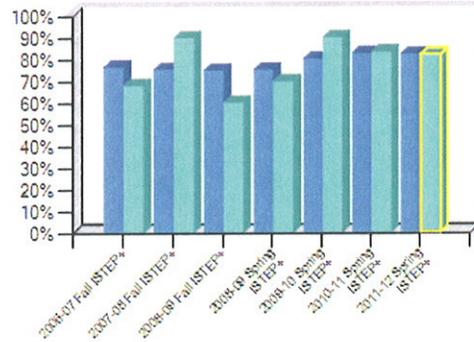
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Pass Did Not Pass

ISTEP+ Percent Passing Trend



Indiana School

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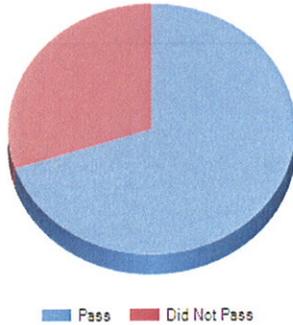
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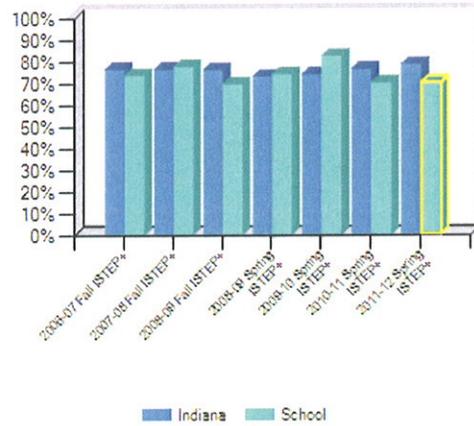
ISTEP+ Overview

Year: 2011-12 Subject: English/Language Arts Only Grade: Grade 5

ISTEP+ 2011-12



ISTEP+ Percent Passing Trend



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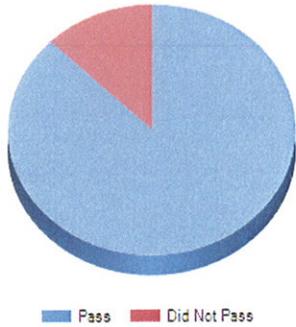
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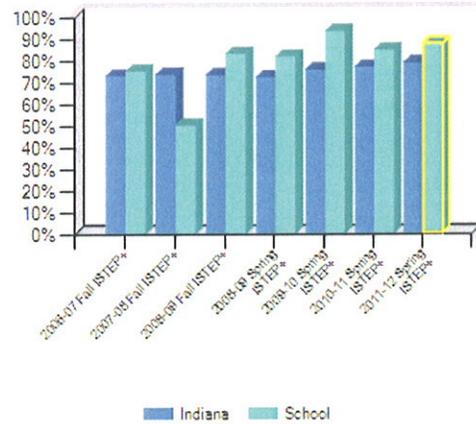
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Year: 2011-12 Subject: English/Language Arts Only Grade: Grade 6

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ISTEP+ Percent Passing Trend



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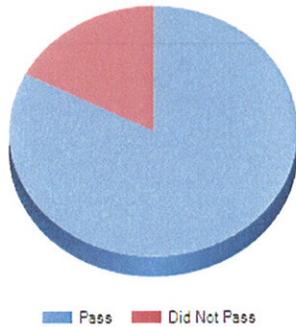
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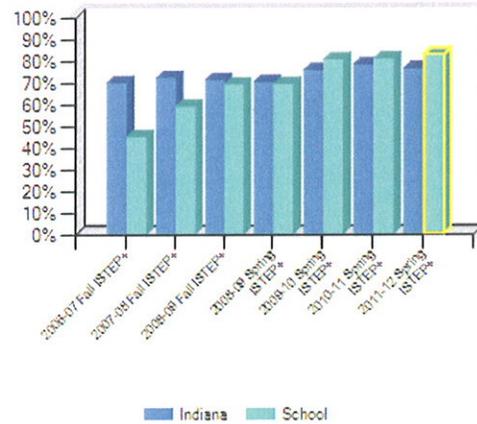
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Year: 2011-12 Subject: English/Language Arts Only Grade: Grade 7

ISTEP+ 2011-12



ISTEP+ Percent Passing Trend



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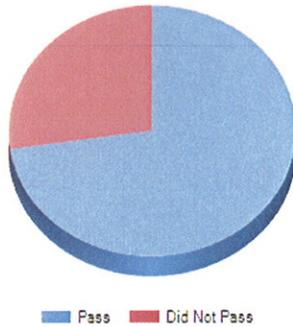
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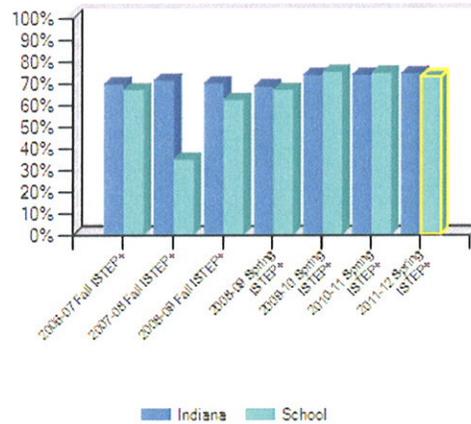
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Year: 2011-12 Subject: English/Language Arts Only Grade: Grade 8

ISTEP+ 2011-12



ISTEP+ Percent Passing Trend



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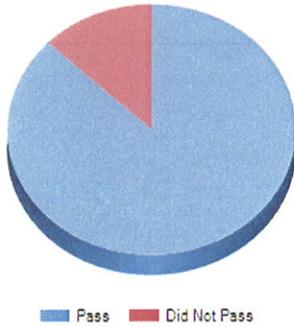
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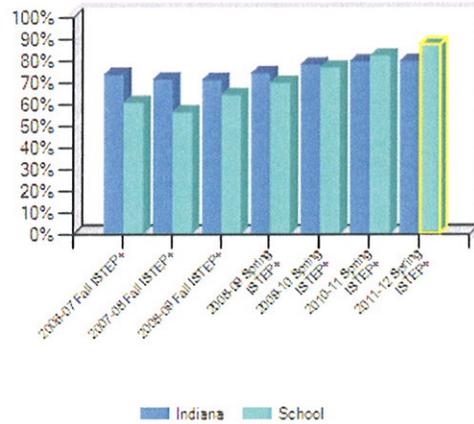
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Year: 2011-12 Subject: Math Only Grade: Grade 3

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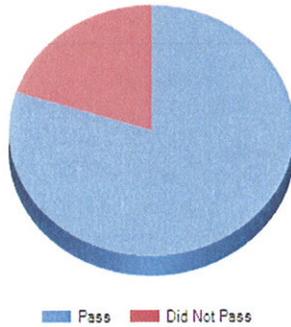
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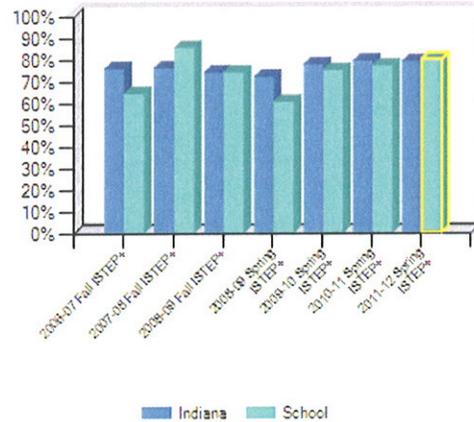
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Year: 2011-12 Subject: Math Only Grade: Grade 4

ISTEP+ 2011-12



ISTEP+ Percent Passing Trend



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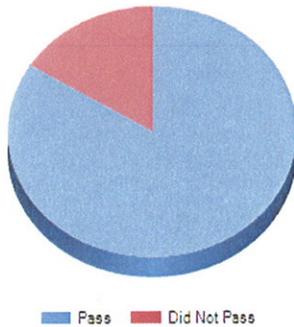
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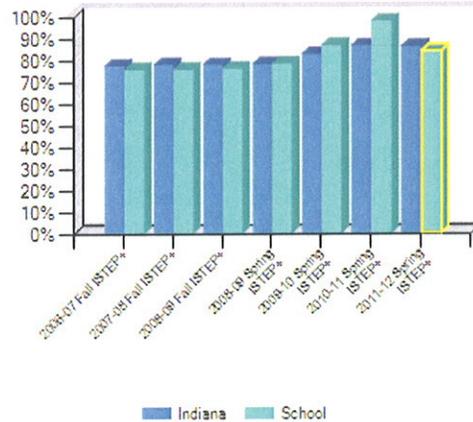
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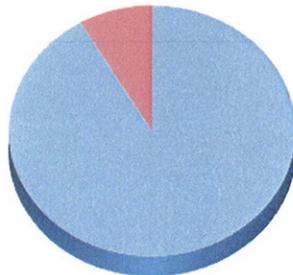
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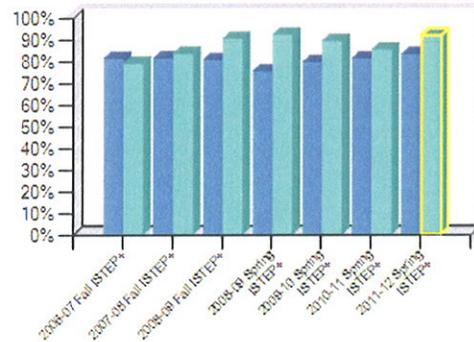
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2717 S East St
Indianapolis, IN 46225-0000
Phone: (317) 783-4690 Fax: (317) 783-4693
[School Homepage](#)

Principal: Mr Carey Dahncke
cdahncke@chacademy.org
Grade Levels KG - 12
Accreditation Status: Charter Accredited

Marion County
Charter School



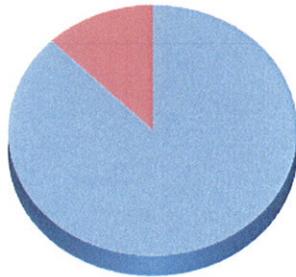
[Overview](#) [Enrollment & Attendance](#) [Student Performance](#) [Accountability](#) [School Personnel](#)

[ISTEP+](#) [ECA](#) [Graduates](#) [SAT & ACT](#) [College & Career Readiness](#)

ISTEP+ Overview

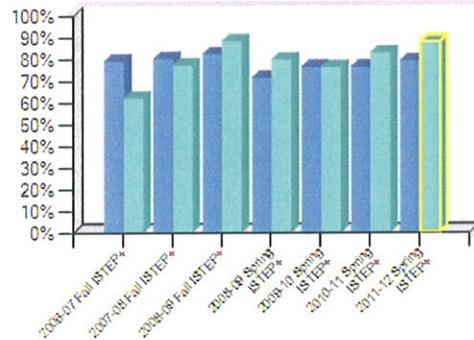
Year: 2011-12 Subject: Math Only Grade: Grade 7

ISTEP+ 2011-12



Pass Did Not Pass

ISTEP+ Percent Passing Trend



Indiana School

[Growth Model Report](#)

2010-11 Spring ISTEP+ result data is preliminary.

Due to federal privacy laws, student performance data may not be displayed for any group of fewer than 10 students.

ISTEP+ for 2009-10 and beyond only assesses students in grades 3-8.

[IDOE HOME](#)

[Compass Help](#) [AYP](#) [PL221](#) [Grad Rate](#)

Search School and Corporation Reports

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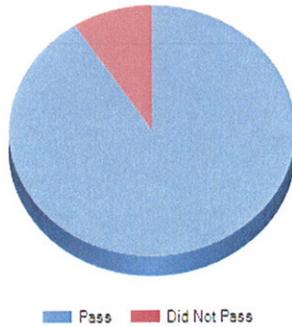
[Overview](#) [Enrollment & Attendance](#) [Student Performance](#) [Accountability](#) [School Personnel](#)

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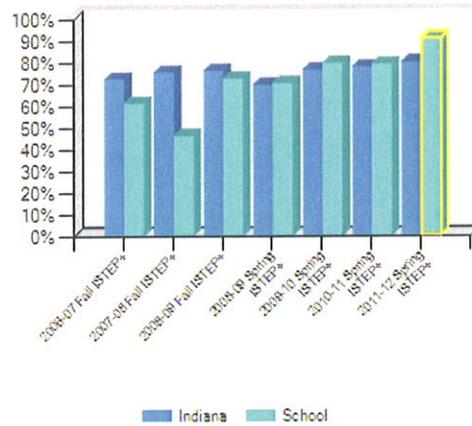
ISTEP+ Overview

Year: 2011-12 Subject: Math Only Grade: Grade 8

ISTEP+ 2011-12



ISTEP+ Percent Passing Trend



[Growth Model Report](#)

2010-11 Spring ISTEP+ result data is preliminary.

Due to federal privacy laws, student performance data may not be displayed for any group of fewer than 10 students.

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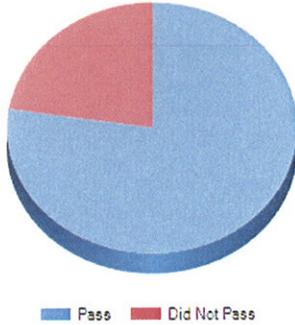
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[ISTEP+](#) [ECA](#) [Graduates](#) [SAT & ACT](#) [College & Career Readiness](#)

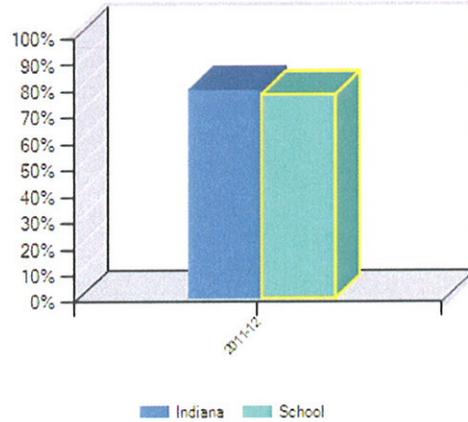
[End of Course Assessments Overview](#)

Year: Subject: Grade:

End of Course Assessments 2011-12



ECA Percent Passing Trend



Due to federal privacy laws, student performance data may not be displayed for any group of fewer than 10 students.

End of Course Assessments data are only displayed for schools that educate students in grades 6-12.

End of Course Assessment passage rates displayed are found by taking the total number of students who took the End of Course Assessment for the first time and passed, divided by the total number of students who took the assessment for the first time.

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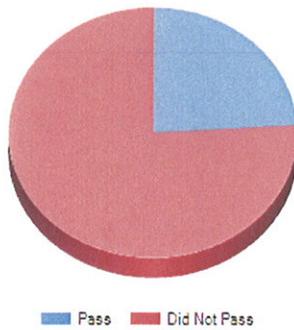
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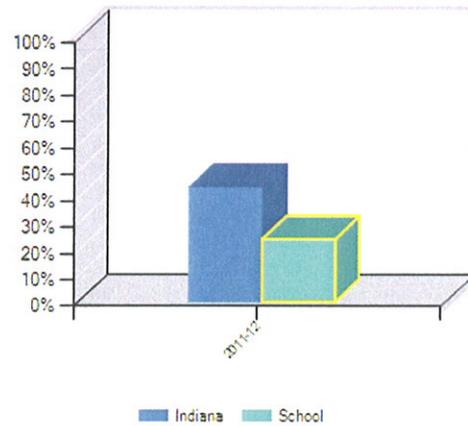
[End of Course Assessments Overview](#)

Year: 2011-12 Subject: Algebra I Only Grade: Grade 10

End of Course Assessments 2011-12



ECA Percent Passing Trend



Due to federal privacy laws, student performance data may not be displayed for any group of fewer than 10 students.

End of Course Assessments data are only displayed for schools that educate students in grades 6-12.

End of Course Assessment passage rates displayed are found by taking the total number of students who took the End of Course Assessment for the first time and passed, divided by the total number of students who took the assessment for the first time.

ATTACHMENT 22
AUDITED FINANCIAL STATEMENTS
AND CURRENT INTERNAL FINANCIAL STATEMENTS FOR
CHRISTEL HOUSE ACADEMY

Attachment 22 contains the last four years' audited financial statements for CHA as well as the most recent internal financial statements (including balance sheets and income statements) for both CHA and DORS.

Note: Each Audit covers two consecutive years.

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

**FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF**

**CHRISTEL HOUSE ACADEMY
MARION COUNTY, INDIANA**

July 1, 2009 to June 30, 2011



FILED
02/23/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carey Dahncke	07-01-09 to 06-30-12
Business Manager	Carlos Alexander	07-01-09 to 06-30-12
Chairman of the Board of Directors	Murvin Enders	07-01-09 to 06-30-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE CHRISTEL HOUSE ACADEMY, MARION COUNTY, INDIANA

We have audited the accompanying financial statement of the Christel House Academy (School Corporation), for the years ended June 30, 2010 and 2011. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated January 23, 2012, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis and Schedule of Capital Assets have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, Board of Directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 23, 2012



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CHRISTEL HOUSE ACADEMY, MARION COUNTY, INDIANA

We have audited the financial statement of the Christel House Academy (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated January 23, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, Board of Directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 23, 2012

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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CHRISTEL HOUSE ACADEMY
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS

For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 22,210	\$ 3,346,413	\$ 3,325,260	\$ (11,794)	\$ 31,589	\$ 4,129,276	\$ 4,098,809	\$ 768	\$ 62,804
School Lunch	20,363	294,485	212,268	-	102,580	343,844	387,380	-	59,044
Textbook Rental	(99,386)	59,553	167	-	-	35,765	23,283	-	12,482
Walton Family Foundation Grant	-	250,000	6,648	-	243,352	-	225,288	-	18,064
Education Pays Fund	25	-	25	-	-	-	-	-	-
Miscellaneous Programs	4,542	-	-	-	4,542	-	-	-	4,542
Campdown	8,393	20,102	21,626	-	6,869	27,405	23,043	-	11,231
Music/Energy Grant	5,000	-	-	-	5,000	-	-	-	5,000
IME BECAS Fellowship Grant	14,909	-	14,909	-	-	-	-	-	-
School Administration	-	742,652	742,652	-	-	165,730	165,730	-	-
Non-English Speaking Programs P.L. 273-1999	-	13,183	-	-	13,183	12,953	13,183	-	12,953
School Technology	-	-	-	-	-	47,658	13,561	-	34,097
Title I 08/09	33,639	7,796	26,071	(15,364)	-	-	-	-	-
Title I Distinguished Award	1,943	-	1,943	-	-	-	-	-	-
Title I 09/10	-	361,385	366,391	15,364	10,358	36,638	46,996	-	-
Title I 10/11	-	-	-	-	-	338,146	339,881	-	(1,735)
P.L. Innovative Education Program Strategies Title V (Part A)	-	46,895	46,895	-	-	-	-	-	-
Serve America	253	-	-	-	253	-	-	-	253
Special Education 09/10	-	66,734	62,364	-	4,370	10,000	14,370	-	(1,501)
Special Education 10/11	-	-	-	-	-	70,206	71,707	-	4,063
Drug Free Schools	4,063	-	-	-	4,063	-	-	-	-
Team Nutrition Training Grants	-	-	-	-	-	2,500	-	-	2,500
National Science Foundation	6,127	83,135	97,701	12,645	4,206	147,427	158,101	-	(6,468)
Challenge Grant for Technology (Dir USDOE)	1,046	-	-	-	1,046	-	-	-	1,046
Improving Teaching Quality, No Child Left, Title II, Part A	31,210	119,548	-	-	150,758	48,766	199,524	-	2,500
ITQ, Enhanced Education Through Technology, Title II, Part D	-	-	-	-	-	74,707	78,813	-	-
Title III, Language Instruction	-	-	-	-	-	15,681	15,681	-	-
Charter Facilities Grant	-	173,280	173,280	-	-	193,880	193,880	-	(4,106)
TIF/TAP	-	-	-	-	-	3,001	3,001	-	-
Reading First, No Child Left Behind	36,232	123,565	111,255	-	48,542	4,949	22,127	-	31,364
Fiscal Stabilization - Education	-	88,250	88,250	-	-	-	-	-	-
Title I - Grants to LEAs	-	240,859	219,136	-	21,723	56,442	92,377	-	(14,212)
Special Education - Part B	-	51,456	45,874	-	5,582	59,281	64,863	-	-
Education Technology	-	94,750	94,750	-	-	3,250	3,250	-	-
School Lunch Equipment	-	27,000	27,000	-	-	-	-	-	-
Totals	\$ 90,569	\$ 6,251,041	\$ 5,684,465	\$ 851	\$ 657,996	\$ 5,827,505	\$ 6,254,848	\$ 768	\$ 231,421

The notes to the financial statement are an integral part of this statement.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources which include distributions from the State of Indiana to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources which include distributions from the federal government to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

F. Other financing sources and uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is subject to final approval by the School Corporation's chartering agency.

Note 3. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 4. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (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. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL STATEMENT
(Continued)

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRF plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	School Lunch	Textbook Rental	Walton Family Foundation Grant	Education Pays Fund	Miscellaneous Programs	Campdown	Music/Energy Grant	IME BECAS Fellowship Grant	School Administration
Cash and investments - beginning	\$ 22,210	\$ 20,363	\$ (99,386)	\$ -	\$ 25	\$ 4,542	\$ 8,393	\$ 5,000	\$ 14,909	\$ -
Receipts:										
Local sources	58,969	30,057	67,645	250,000	-	-	20,102	-	-	742,366
Intermediate sources	56	-	-	-	-	-	-	-	-	-
State sources	3,287,388	493	31,908	-	-	-	-	-	-	286
Federal sources	-	263,935	-	-	-	-	-	-	-	-
Total receipts	3,346,413	294,485	99,553	250,000	-	-	20,102	-	-	742,652
Disbursements:										
Current:										
Instruction	1,777,037	-	167	-	-	-	19,784	-	3,593	46,123
Support services	1,033,151	17	-	3,540	25	-	1,502	-	11,316	321,208
Noninstructional services	14,333	212,251	-	198	-	-	340	-	-	7,544
Facilities acquisition and construction	500,739	-	-	2,910	-	-	-	-	-	987,777
Total disbursements	3,325,260	212,268	167	6,648	25	-	21,626	-	14,909	742,652
Excess (deficiency) of receipts over disbursements	21,153	82,217	99,386	243,352	(25)	-	(1,524)	-	(14,909)	-
Other financing sources (uses):										
Transfers in	1,195,593	-	-	-	-	-	-	-	-	10,071
Transfers out	(1,207,387)	-	-	-	-	-	-	-	-	(10,071)
Total other financing sources (uses)	(11,794)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,359	82,217	99,386	243,352	(25)	-	(1,524)	-	(14,909)	-
Cash and investments - ending	\$ 31,569	\$ 102,580	\$ -	\$ 243,352	\$ -	\$ 4,542	\$ 6,869	\$ 5,000	\$ -	\$ -

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	Title I Distinguished Award 08/09	Title I 1,943 \$	Title I 09/10	P.L. Innovative Education Program Strategies Title V (Part A)	Serve America	Special Education 09/10	Drug Free Schools	National Science Foundation	Challenge Grant for Technology (Dir USDOE)
Cash and investments - beginning	\$ -	\$ 33,639	\$ 1,943	\$ -	\$ -	\$ 253	\$ -	\$ 4,063	\$ 6,127	\$ 1,046
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	13,183	-	-	-	-	-	-	-	-	-
Federal sources	-	7,796	-	361,385	46,895	-	66,734	-	83,135	-
Total receipts	13,183	7,796	-	361,385	46,895	-	66,734	-	83,135	-
Disbursements:										
Current:										
Instruction	-	11,417	-	235,846	-	-	62,194	-	60,999	-
Support services	-	10,074	1,376	126,212	5,854	-	170	-	32,120	-
Noninstructional services	-	27	-	1,352	-	-	-	-	-	-
Facilities acquisition and construction	-	4,553	567	2,881	41,041	-	-	-	4,582	-
Total disbursements	-	26,071	1,943	366,391	46,895	-	62,364	-	97,701	-
Excess (deficiency) of receipts over disbursements	13,183	(18,275)	(1,943)	(5,006)	-	-	4,370	-	(14,566)	-
Other financing sources (uses):										
Transfers in	-	-	-	15,364	3,182	-	-	-	29,052	-
Transfers out	-	(15,364)	-	-	(3,182)	-	-	-	(16,407)	-
Total other financing sources (uses)	-	(15,364)	-	15,364	-	-	-	-	12,645	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,183	(33,639)	(1,943)	10,358	-	-	4,370	-	(1,921)	-
Cash and investments - ending	\$ 13,183	\$ -	\$ -	\$ 10,358	\$ -	\$ 253	\$ 4,370	\$ 4,063	\$ 4,206	\$ 1,046

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Charter Facilities Grant	Reading First, No Child Left Behind	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	Education Technology	School Lunch Equipment	Totals
Cash and investments - beginning	\$ 31,210	\$ -	\$ 36,232	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,569
Receipts:									
Local sources	-	-	-	-	-	-	-	-	1,169,139
Intermediate sources	-	-	-	-	-	-	-	-	56
State sources	-	-	-	-	-	-	-	-	3,333,258
Federal sources	119,548	173,280	123,565	88,250	240,859	51,456	94,750	27,000	1,748,588
Total receipts	119,548	173,280	123,565	88,250	240,859	51,456	94,750	27,000	6,251,041
Disbursements:									
Current:									
Instruction	-	-	106,937	3,475	102,528	42,986	-	-	2,473,086
Support services	-	-	4,318	25,825	31,594	2,140	55,260	-	1,665,702
Noninstructional services	-	-	-	-	498	-	-	-	236,543
Facilities acquisition and construction	-	173,280	-	56,950	84,516	748	39,490	27,000	1,309,134
Total disbursements	-	173,280	111,255	88,250	219,136	45,874	94,750	27,000	5,684,465
Excess (deficiency) of receipts over disbursements	119,548	-	12,310	-	21,723	5,582	-	-	566,576
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	1,253,262
Transfers out	-	-	-	-	-	-	-	-	(1,252,411)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	851
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	119,548	-	12,310	-	21,723	5,582	-	-	567,427
Cash and investments - ending	\$ 150,758	\$ -	\$ 48,542	\$ -	\$ 21,723	\$ 5,582	\$ -	\$ -	\$ 657,996

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	School Lunch	Textbook Rental	Walton Family Foundation Grant	Miscellaneous Programs	Campdown	Music/Energy Grant	School Administration	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ 31,569	\$ 102,560	\$ -	\$ 243,352	\$ 4,542	\$ 6,869	\$ 5,000	\$ -	\$ 13,183	\$ -
Receipts:										
Local sources	110,218	32,821	2,263	-	-	27,405	-	159,109	-	-
Intermediate sources	94	-	-	-	-	-	-	19	-	-
State sources	3,678,260	522	33,502	-	-	-	-	-	12,953	47,658
Federal sources	-	310,501	-	-	-	-	-	-	-	-
Temporary loans	340,704	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	6,602	-	-
Total receipts	4,129,276	343,844	35,765	243,352	4,542	27,405	5,000	165,730	12,953	47,658
Disbursements:										
Current:										
Instruction	1,767,793	-	23,283	28,894	-	19,800	-	63,522	13,183	329
Support services	1,488,725	36	-	40	-	3,220	-	84,678	-	3,194
Noninstructional services	9,806	301,944	-	57	-	23	-	7,668	-	-
Facilities acquisition and construction	491,781	85,400	-	196,297	-	-	-	9,842	-	10,038
Debt services	340,704	-	-	-	-	-	-	-	-	-
Total disbursements	4,098,809	387,380	23,283	225,288	-	23,043	-	165,730	13,183	13,561
Excess (deficiency) of receipts over disbursements	30,467	(43,536)	12,482	(225,288)	-	4,362	-	-	(230)	34,097
Other financing sources (uses):										
Transfers in	634,343	-	-	-	-	-	-	-	-	-
Transfers out	(633,575)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	768	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	31,235	(43,536)	12,482	(225,288)	-	4,362	-	-	(230)	34,097
Cash and investments - ending	\$ 62,804	\$ 59,044	\$ 12,482	\$ 18,064	\$ 4,542	\$ 11,231	\$ 5,000	\$ -	\$ 12,953	\$ 34,097

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS

For the Year Ended June 30, 2011
 (Continued)

	Title I 09/10	Title I 10/11	Serve America	Special Education 09/10	Special Education 10/11	Drug Free Schools	Team Nutrition Training Grants	National Science Foundation	Challenge Grant for Technology (Dir USDOE)	Improving Teaching Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ 10,358	\$ -	\$ 253	\$ 4,370	\$ -	\$ 4,063	\$ -	\$ 4,206	\$ 1,046	\$ 150,758
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	36,638	338,146	-	10,000	70,206	-	2,500	147,427	-	48,766
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	36,638	338,146	-	10,000	70,206	-	2,500	147,427	-	48,766
Disbursements:										
Current:										
Instruction	26,299	208,100	-	14,370	71,429	-	-	104,130	-	164,637
Support services	20,697	107,111	-	-	278	-	-	42,516	-	34,887
Noninstructional services	-	1,021	-	-	-	-	-	81	-	-
Facilities acquisition and construction	-	23,649	-	-	-	-	-	11,374	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Total disbursements	46,996	339,881	-	14,370	71,707	-	-	158,101	-	199,524
Excess (deficiency) of receipts over disbursements	(10,358)	(1,735)	-	(4,370)	(1,501)	-	2,500	(10,674)	-	(150,758)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,358)	(1,735)	-	(4,370)	(1,501)	-	2,500	(10,674)	-	(150,758)
Cash and investments - ending	\$ -	\$ (1,735)	\$ 253	\$ -	\$ (1,501)	\$ 4,063	\$ 2,500	\$ (6,468)	\$ 1,046	\$ -

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	ITQ, Enhanced Education Through Technology, Title II, Part D	Title III, Language Instruction	Charter Facilities Grant	TIF/TAP	Reading First, No Child Left Behind	Title I - Grants to LEAs	Special Education - Part B	Education Technology	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 48,542	\$ 21,723	\$ 5,582	\$ -	\$ 657,996
Receipts:									
Local sources	-	-	-	-	-	-	-	-	331,816
Intermediate sources	-	-	-	-	-	-	-	-	113
State sources	-	-	-	-	-	-	-	-	3,772,895
Federal sources	74,707	15,681	193,880	3,001	4,949	56,442	59,281	3,250	1,375,375
Temporary loans	-	-	-	-	-	-	-	-	340,704
Other	-	-	-	-	-	-	-	-	6,602
Total receipts	74,707	15,681	193,880	3,001	4,949	56,442	59,281	3,250	5,827,505
Disbursements:									
Current:									
Instruction	-	12,041	-	-	20,738	72,400	64,605	-	2,675,553
Support services	17,386	3,640	-	2,766	1,118	14,729	-	-	1,825,021
Noninstructional services	-	-	-	235	271	86	-	-	321,212
Facilities acquisition and construction	61,427	-	193,880	-	-	5,162	258	3,250	1,092,358
Debt services	-	-	-	-	-	-	-	-	340,704
Total disbursements	78,813	15,681	193,880	3,001	22,127	92,377	64,863	3,250	6,254,848
Excess (deficiency) of receipts over disbursements	(4,106)	-	-	-	(17,178)	(35,935)	(5,582)	-	(427,343)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	634,343
Transfers out	-	-	-	-	-	-	-	-	(633,575)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	768
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,106)	-	-	-	(17,178)	(35,935)	(5,582)	-	(426,575)
Cash and investments - ending	\$ (4,106)	\$ -	\$ -	\$ -	\$ 31,364	\$ (14,212)	\$ -	\$ -	\$ 231,421

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CHRISTEL HOUSE ACADEMY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2011

Capital assets are reported at actual or estimated historical cost, based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Capital assets not being depreciated:	
Improvements other than buildings	\$ 68,209
Machinery and equipment	1,560,816
Total capital assets not being depreciated	\$ 1,629,025

CHRISTEL HOUSE ACADEMY
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER THE AUTHORIZATION OF SALARIES AND WAGES

The controls over the authorization of salaries and wages were insufficient. Sufficient evidence was not provided to document proper approval of salaries and wages by the Board of Directors. The following deficiencies and errors were noted:

1. Payroll worksheets were prepared by the school's administration for each school year and used to develop a budget amount for salaries and wages. The total amount budgeted for salaries and wages was approved by the Board of Directors, but individual salaries and wages did not show any evidence of approval by the Board of Directors.
2. Employee contracts were prepared for employees using the "base" salary or wage amount from the payroll worksheet, but did not include stipends or other additional wages paid to employees and were not signed by the Board of Directors.
3. Employee contracts were not executed in a timely manner. Employee contracts for the 2009-2010 school year were not signed until May 2010.
4. Seven out of twelve employees reviewed for the 2010-2011 school year did not have current contracts in their personnel file. These contracts were not presented for audit. This included the Treasurer who did not have a contract for 2009-2010 or 2010-2011 school years.
5. Wages paid to the seven employees noted above did not agree with the amounts on the payroll worksheet. Differences between the amounts paid and amounts on the payroll worksheet were immaterial.
6. Information provided to the School's payroll servicing company regarding employee compensation, as well as any changes in compensation, was informal and did not provide adequate evidence of authorization from the Board of Directors.

Failure to maintain adequate controls over the authorization of salaries and wages could result in unauthorized compensation being paid to employees.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CHRISTEL HOUSE ACADEMY
AUDIT RESULTS AND COMMENTS
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF DOCUMENTATION

School records to support the ADM claimed by the School Corporation for the September 18, 2009, and September 17, 2010, count dates were not presented for audit. Therefore, ADM could not be verified.

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CRISTEL HOUSE ACADEMY, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Cristel House Academy (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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 Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 the School Corporation'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. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011.

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance 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 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.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the School Corporation's management, Board of Directors, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 23, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

CHRISTEL HOUSE ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY09 FY10 FY11	\$ 3,913 50,690 -	\$ - 12,071 51,761
Total for program			54,603	63,832
National School Lunch Program	10.555	FY09 FY10 FY11	14,932 196,667 -	- 44,964 182,613
Total for program			211,599	227,577
Summer Food Service Program for Children	10.559	FY09 FY10	13,091 -	- 16,272
Total for program			13,091	16,272
Total for cluster			279,293	307,681
ARRA - Child Nutrition Discretionary Grants Limited Availability, Recovery Act	10.579	FY10	27,000	-
Fresh Fruit and Vegetable Program	10.582	FY10 FY11	- -	3,204 17,787
Total for program			-	20,991
Total for federal grantor agency			306,293	328,672
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	09-9380 10-9380 11-9380	26,071 368,334 -	- 46,996 339,881
Total for program			394,405	386,877
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-9380	219,136	92,377
Total for cluster			613,541	479,254
Special Education Cluster				
Special Education - Grants to States	84.027	FY10 FY11	62,364 -	14,370 71,707
Total for program			62,364	86,077
ARRA - Special Education - Grants to States, Recovery Act	84.391	FY10	45,874	64,863
Total for cluster			108,238	150,940

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CHRISTEL HOUSE ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Educational Technology State Grants Cluster				
Educational Technology State Grants	84.318	FY10	-	78,813
ARRA - Education Technology State Grants, Recovery Act	84.386	FY10	94,750	3,250
Total for cluster			94,750	82,063
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY10	88,250	-
Total for cluster			88,250	-
Charter Schools				
Per Pupil Facilities Funding	84.282	FY10 FY11	173,280 -	- 193,880
Total for program			173,280	193,880
Twenty-First Century Community Learning Centers				
Twenty-First Century Community Learning Centers	84.287	FY09 FY10 FY11	6,127 91,574 -	- 4,206 153,895
Total for program			97,701	158,101
State Grants for Innovative Programs				
Early Reading First	84.359	FY09 FY10	36,232 75,023	- 22,127
Total for program			111,255	22,127
English Language Acquisition Grants				
English Language Acquisition Grants	84.365	FY10 FY11	- -	13,183 15,681
Total for program			-	28,864
Improving Teacher Quality State Grants				
Improving Teacher Quality State Grants	84.367	FY09 FY10 FY11	- - -	31,210 119,548 48,766
Total for program			-	199,524
Teacher Incentive Fund Cluster				
Teacher Incentive Fund	84.374	FY11	-	3,001
Total for federal grantor agency			1,333,910	1,317,754
Total federal awards expended			\$ 1,640,203	\$ 1,646,426

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CHRISTEL HOUSE ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Christel House Academy (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
School Breakfast Program	10.553	\$ 3,338	\$ 3,553
National School Lunch Program	10.555	12,021	14,618

CHRISTEL HOUSE ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.282	Child Nutrition Cluster Title I, Part A Cluster Charter Schools

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?	no
--	----

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CHRISTEL HOUSE ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CHRISTEL HOUSE ACADEMY
EXIT CONFERENCE

The contents of this report were discussed on January 23, 2012, with Carey Dahncke, Treasurer; Carlos Alexander, Business Manager; and Murvin Enders, Chairman of the Board of Directors. The Official Response has been made a part of this report and may be found on page 38.



Christel House
Academy

Tuesday, January 24, 2012

To Whom It May Concern:

This is a public response to the State Board of Accounts audit comments performed November 2011- January 2012.

Comment #1: Internal Controls over the authorization of salaries and wages

Christel House Academy will create an internal change to our salary approval process to include a schedule of annual salaries/wages by individual employee, to be approved by the Board in the same format as the Approval of Vouchers. Changes will be approved in quarterly Board meetings using the same process. In the past, the Board was provided with a range of salaries by position for approval as a part of the budgeting process. Additionally, internal changes to certain human resources processes will be made, in conjunction with additional utilization of our outside HR vendor software, to aid us in ensuring paperwork is properly documented in personnel files.

Comment #2: Average Daily Membership (ADM) - lack of documentation

It had been the school's past practice to use electronic records to verify the headcount for ADM. In order to comply with the State Board of Accounts' requirements in the area of ADM reporting, a new process will be established to first produce a paper record indicating the name of each student enrolled by class and grade, verified by the teacher and principal, prior to the creation of the official ADM record for the Indiana Department of Education.

Christel House Academy continues to strive to be a beacon of excellence in both our academic and operational practices. These changes will increase the internal accounting controls for the Academy and will ensure we are fully compliant with the State Board of Account expectations.

Respectfully yours,

Carey J. Dahncke, Principal and Director

Carlos Alexander, Business Manager

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A PUBLIC CHARTER SCHOOL AUTHORIZED BY THE MAYOR OF INDIANAPOLIS

India - Mexico - South Africa - Serbia - Venezuela - USA

B35920

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT

OF

CHRISTEL HOUSE ACADEMY

MARION COUNTY, INDIANA

July 1, 2007 to June 30, 2009



FILED

03/17/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carey Dahncke	07-01-07 to 06-30-10
Business Manager	Carlos Alexander	07-01-07 to 06-30-10
President of the School Board	Murvin Enders	07-01-07 to 06-30-10



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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

TO: THE OFFICIALS OF THE CHRISTEL HOUSE ACADEMY, MARION COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Christel House Academy (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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 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 audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, 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 respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 10, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing 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.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents and Schedule of Capital Assets are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

February 10, 2009



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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

TO: THE OFFICIALS OF THE CHRISTEL HOUSE ACADEMY, MARION COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Christel House Academy (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 10, 2009. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 10, 2009

CHRISTEL HOUSE ACADEMY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 2,140,850	\$ -	\$ 61,471	\$ (2,079,379)
Support services	1,187,077	59,871	205,745	(921,461)
Noninstructional services	282,985	-	-	(282,985)
Facilities acquisition and construction	1,288,486	-	-	(1,288,486)
Total governmental activities	<u>\$ 4,899,398</u>	<u>\$ 59,871</u>	<u>\$ 267,216</u>	<u>(4,572,311)</u>
General receipts:				
Property taxes				1,112,695
Other local sources				786,438
State aid				1,975,094
Grants and contributions not restricted to specific programs				559,394
Investment earnings				12,899
Other				11,787
Total general receipts				<u>4,458,307</u>
Change in net assets				(114,005)
Net assets - beginning				<u>245,522</u>
Net assets - ending				<u>\$ 131,517</u>
 <u>Assets</u>				
Cash and investments				<u>\$ 131,517</u>
 <u>Net Assets</u>				
Unrestricted				<u>\$ 131,517</u>

The notes to the financial statements are an integral part of this statement.

CHRISTEL HOUSE ACADEMY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net</u>
		<u>Charges for</u>	<u>Operating</u>	<u>(Disbursement)</u>
		<u>Services</u>	<u>Grants and</u>	<u>Receipts and</u>
			<u>Contributions</u>	<u>Changes in</u>
				<u>Net Assets</u>
			<u>Totals</u>	
Governmental activities:				
Instruction	\$ 2,256,537	\$ -	\$ 69,493	\$ (2,187,044)
Support services	1,441,063	47,030	211,843	(1,182,190)
Noninstructional services	203,619	-	-	(203,619)
Facilities acquisition and construction	<u>1,133,016</u>	<u>-</u>	<u>-</u>	<u>(1,133,016)</u>
Total governmental activities	<u>\$ 5,034,235</u>	<u>\$ 47,030</u>	<u>\$ 281,336</u>	<u>(4,705,869)</u>
General receipts:				
Property taxes				517,494
Other local sources				853,052
State aid				2,367,947
Grants and contributions not restricted to specific programs				923,397
Investment earnings				<u>304</u>
Total general receipts				<u>4,662,194</u>
Change in net assets				(43,675)
Net assets - beginning				<u>131,517</u>
Net assets - ending				<u>\$ 87,842</u>
<u>Assets</u>				
Cash and investments				<u>\$ 87,842</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 87,842</u>

The notes to the financial statements are an integral part of this statement.

CHRISTEL HOUSE ACADEMY
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	School Lunch	Title I	21st Century Learning	Title II Part A	ESEA Title V Grant	No Child Left Behind Reading First	Other	Totals
Receipts:									
Local sources	\$ 1,885,752	\$ 32,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,949	\$ 1,971,901
State sources	2,026,185	768	-	-	-	-	-	37,153	2,064,106
Federal sources	-	178,205	279,083	88,025	33,738	-	152,548	8,000	737,599
Other	5,278	-	-	-	-	-	-	6,509	11,787
Total receipts	3,917,215	211,173	279,083	88,025	33,738	-	152,548	103,611	4,785,393
Disbursements:									
Current:									
Instruction	1,734,019	-	218,039	35,119	-	-	134,585	19,088	2,140,850
Support services	1,108,123	-	50,336	17,906	-	-	3,840	6,872	1,187,077
Noninstructional services	4,915	269,120	621	-	-	-	76	8,253	282,985
Facilities acquisition and construction	1,250,825	-	10,086	17,323	-	-	8,310	1,942	1,288,486
Total disbursements	4,097,882	269,120	279,082	70,348	-	-	146,811	36,155	4,899,398
Excess (deficiency) of receipts over disbursements	(180,667)	(57,947)	1	17,677	33,738	-	5,737	67,456	(114,005)
Other financing sources (uses):									
Transfers in	245,000	-	-	-	-	-	-	-	245,000
Transfers out	(245,000)	-	-	-	-	-	-	-	(245,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(180,667)	(57,947)	1	17,677	33,738	-	5,737	67,456	(114,005)
Cash and investments - beginning	186,960	64,759	-	-	-	131,357	28,256	(165,810)	245,522
Cash and investments - ending	\$ 6,293	\$ 6,812	\$ 1	\$ 17,677	\$ 33,738	\$ 131,357	\$ 33,993	\$ (98,354)	\$ 131,517
Cash and Investment Assets - Ending									
Cash and investments	\$ 6,293	\$ 6,812	\$ 1	\$ 17,677	\$ 33,738	\$ 131,357	\$ 33,993	\$ (98,354)	\$ 131,517
Cash and Investment Fund Balance - Ending									
Unrestricted	6,293	6,812	1	17,677	33,738	131,357	33,993	(98,354)	131,517
Total cash and investment fund balance - ending	\$ 6,293	\$ 6,812	\$ 1	\$ 17,677	\$ 33,738	\$ 131,357	\$ 33,993	\$ (98,354)	\$ 131,517

The notes to the financial statements are an integral part of this statement.

CHRISTEL HOUSE ACADEMY
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	School Lunch	Title I	21st Century Learning	Title II Part A	ESEA Title V Grant	No Child Left Behind Reading First	Other	Totals
Receipts:									
Local sources	\$ 1,100,269	\$ 27,971	\$ -	\$ 589	\$ -	\$ -	\$ -	\$ 284,661	\$ 1,413,490
Intermediate sources	4,390	-	-	-	-	-	-	-	4,390
State sources	2,437,940	694	-	-	-	-	-	30,043	2,468,677
Federal sources	-	180,806	375,541	57,856	-	-	153,838	336,162	1,104,003
Total receipts	3,542,599	209,271	375,541	58,445	-	-	153,838	650,866	4,990,560
Disbursements:									
Current:									
Instruction	1,599,823	-	231,386	47,540	-	131,357	137,674	108,757	2,256,537
Support services	1,247,546	36	103,313	11,790	2,528	-	5,566	70,284	1,441,063
Noninstructional services	5,294	195,884	444	115	-	-	505	1,577	203,619
Facilities acquisition and construction	645,398	-	6,759	10,550	-	-	7,854	462,454	1,133,015
Total disbursements	3,498,061	195,720	341,902	69,995	2,528	131,357	151,599	643,072	5,034,234
Excess (deficiency) of receipts over disbursements	44,538	13,551	33,639	(11,550)	(2,528)	(131,357)	2,239	7,794	(43,674)
Other financing sources (uses):									
Transfers in	756,549	-	-	-	-	-	-	31,348	787,897
Transfers out	(787,897)	-	-	-	-	-	-	-	(787,897)
Total other financing sources (uses)	(31,348)	-	-	-	-	-	-	31,348	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,190	13,551	33,639	(11,550)	(2,528)	(131,357)	2,239	39,142	(43,674)
Cash and investments - beginning	6,293	6,812	1	17,677	33,738	131,357	33,993	(98,354)	131,517
Cash and investments - ending	\$ 19,483	\$ 20,363	\$ 33,640	\$ 6,127	\$ 31,210	\$ -	\$ 36,232	\$ (59,213)	\$ 87,842
Cash and Investment Assets - Ending									
Cash and investments	\$ 19,483	\$ 20,363	\$ 33,640	\$ 6,127	\$ 31,210	\$ -	\$ 36,232	\$ (59,213)	\$ 87,842
Cash and Investment Fund Balance - Ending									
Unrestricted	\$ 19,483	\$ 20,363	\$ 33,640	\$ 6,127	\$ 31,210	\$ -	\$ 36,232	\$ (59,213)	\$ 87,842

The notes to the financial statements are an integral part of this statement.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Christel House Academy

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The school lunch fund accounts for all financial resources of the school lunch and breakfast program.

The title II, Part A fund accounts for all financial resources for the title II, part a grant.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The esea title V grant fund accounts for all financial resources of the title V grant.

The no child left behind reading first fund accounts for all financial resources of the no child left behind, reading first grant.

The title I fund accounts for all financial resources of the Title I grant.

The 21st century learning fund accounts for all financial resources for the 21st century learning grant.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through

CHRISTEL HOUSE ACADEMY
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

<u>Fund</u>	<u>FY 07-08</u>	<u>FY 08-09</u>
Textbook Rental	<u>\$ (132,170)</u>	<u>\$ (99,386)</u>

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation had deposit balances in the amount of \$723,456, all of which is insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance fund.

2. Investments

As of June 30, 2009, the School Corporation did not have any investments.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk. Risk financing is not utilized for the other risks of loss.

B. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 16,554
Interest on net pension obligation	(1,702)
Adjustment to annual required contribution	1,939
Annual pension cost	16,791
Contributions made	22,353
Increase (decrease) in net pension obligation	(5,562)
Net pension obligation, beginning of year	(23,471)
Net pension obligation, end of year	\$ (29,033)

	PERF
Contribution rates:	
School Corporation	7%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 17,231	130%	\$ (27,675)
	06-30-07	22,259	81%	(23,471)
	06-30-08	16,791	133%	(29,033)

CHRISTEL HOUSE ACADEMY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Plan members are required to contribute 7.25% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008 and 2009, were \$105,529 and \$107,266, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

CHRISTEL HOUSE ACADEMY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 57,833	\$ 73,445	\$ (15,612)	79%	\$ 329,975	(5%)
07-01-07	78,950	75,353	3,597	105%	254,000	1%
07-01-08	109,853	107,440	2,413	102%	289,321	1%

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Textbook Rental	Non-English Speaking Program	Title I FY 2006-2007	Title V, Part A PL 107-110	Serve America	Drug Free Schools	Challenge Grant For Technology
Receipts:							
Local sources	\$ 53,949	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	26,772	10,381	-	-	-	-	-
Federal sources	-	-	6,000	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	80,721	10,381	6,000	-	-	-	-
Disbursements:							
Current:							
Instruction	-	12,543	6,000	-	-	545	-
Support services	-	-	-	886	-	850	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Total disbursements	-	12,543	6,000	886	-	1,395	-
Excess (deficiency) of receipts over disbursements	80,721	(2,162)	-	(886)	-	(1,395)	-
Cash and investments - beginning	(212,891)	2,163	-	886	253	2,023	1,046
Cash and investments - ending	\$ (132,170)	\$ 1	\$ -	\$ -	\$ 253	\$ 628	\$ 1,046
Cash and Investment Assets - Ending							
Cash and investments	\$ (132,170)	\$ 1	\$ -	\$ -	\$ 253	\$ 628	\$ 1,046
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ (132,170)	\$ 1	\$ -	\$ -	\$ 253	\$ 628	\$ 1,046

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title II Part D	Miscellaneous Gifts & Contributions	Education Pays	Walton Family Foundation Grant	Donation Science 6th Grade	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,949
State sources	-	-	-	-	-	37,153
Federal sources	-	-	-	-	-	6,000
Other	-	6,484	25	-	-	6,509
Total receipts	-	6,484	25	-	-	103,611
Disbursements:						
Current:						
Instruction	-	-	-	-	-	19,088
Support services	5,136	-	-	-	-	6,872
Noninstructional services	-	-	-	8,253	-	8,253
Facilities acquisition and construction	-	1,942	-	-	-	1,942
Total disbursements	5,136	1,942	-	8,253	-	36,155
Excess (deficiency) of receipts over disbursements	(5,136)	4,542	25	(8,253)	-	67,456
Cash and investments - beginning	5,136	-	-	9,008	26,566	(165,810)
Cash and investments - ending	\$ -	\$ 4,542	\$ 25	\$ 755	\$ 26,566	\$ (98,354)
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 4,542	\$ 25	\$ 755	\$ 26,566	\$ (98,354)
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ 4,542	\$ 25	\$ 755	\$ 26,566	\$ (98,354)

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Textbook Rental	Donation Science 6th Grade	Walton Family Foundation Grant	Education Pays	Miscellaneous Grants & Contributions	Camptown	Music/Energy Grant
Receipts:							
Local sources	\$ 2,741	\$ -	\$ -	\$ -	\$ -	\$ 14,318	\$ 5,000
State sources	30,043	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Total receipts	32,784	-	-	-	-	14,318	5,000
Disbursements:							
Current:							
Instruction	-	26,566	-	-	-	3,968	-
Support services	-	-	730	-	-	1,286	-
Noninstructional services	-	-	25	-	-	670	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Total disbursements	-	26,566	755	-	-	5,924	-
Excess (deficiency) of receipts over disbursements	32,784	(26,566)	(755)	-	-	8,394	5,000
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
and other financing uses	32,784	(26,566)	(755)	-	-	8,394	5,000
Cash and investments - beginning	(132,170)	26,566	755	25	4,542	-	-
Cash and investments - ending	\$ (99,386)	\$ -	\$ -	\$ 25	\$ 4,542	\$ 8,394	\$ 5,000
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ (99,386)	\$ -	\$ -	\$ 25	\$ 4,542	\$ 8,394	\$ 5,000
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ (99,386)	\$ -	\$ -	\$ 25	\$ 4,542	\$ 8,394	\$ 5,000

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	IME Becas Fellowship Award	School Administration	Title I FY 07-08	Title I Distinguished Award	Title V, Part A PL 107-110	Serve America	Special Education
Receipts:							
Local sources	\$ 15,000	\$ 211,485	\$ -	\$ -	\$ -	\$ -	\$ 36,117
State sources	-	-	-	-	-	-	-
Federal sources	-	-	15,825	25,000	1,706	-	-
Total receipts	15,000	211,485	15,825	25,000	1,706	-	36,117
Disbursements:							
Current:							
Instruction	-	7,094	7,246	6,081	-	-	33,509
Support services	91	56,492	8,475	602	-	-	2,608
Noninstructional services	-	477	4	400	-	-	-
Facilities acquisition and construction	-	178,770	100	15,975	1,706	-	-
Total disbursements	91	242,833	15,825	23,058	1,706	-	36,117
Excess (deficiency) of receipts over disbursements	14,909	(31,348)	-	1,942	-	-	-
Other financing sources (uses):							
Transfers in	-	31,348	-	-	-	-	-
and other financing uses	14,909	-	-	1,942	-	-	-
Cash and investments - beginning	-	-	-	-	-	253	-
Cash and investments - ending	\$ 14,909	\$ -	\$ -	\$ 1,942	\$ -	\$ 253	\$ -
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 14,909	\$ -	\$ -	\$ 1,942	\$ -	\$ 253	\$ -
<u>Cash and Investment Fund Balance - Ending</u>							
Unrestricted	\$ 14,909	\$ -	\$ -	\$ 1,942	\$ -	\$ 253	\$ -

CHRISTEL HOUSE ACADEMY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Drug Free Schools	Challenge Grant For Technology	Non-English Speaking Program	Title V Part B	Fiscal Stabilization	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284,661
State sources	-	-	-	-	-	30,043
Federal sources	3,435	-	-	24,293	265,903	336,162
Total receipts	3,435	-	-	24,293	265,903	650,866
Disbursements:						
Current:						
Instruction	-	-	-	24,293	-	108,757
Support services	-	-	-	-	-	70,284
Noninstructional services	-	-	1	-	-	1,577
Facilities acquisition and construction	-	-	-	-	265,903	462,454
Total disbursements	-	-	1	24,293	265,903	643,072
Excess (deficiency) of receipts over disbursements	3,435	-	(1)	-	-	7,794
Other financing sources (uses):						
Transfers in	-	-	-	-	-	31,348
and other financing uses	3,435	-	(1)	-	-	39,142
Cash and investments - beginning	628	1,046	1	-	-	(98,354)
Cash and investments - ending	\$ 4,063	\$ 1,046	\$ -	\$ -	\$ -	\$ (59,213)
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 4,063	\$ 1,046	\$ -	\$ -	\$ -	\$ (59,213)
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ 4,063	\$ 1,046	\$ -	\$ -	\$ -	\$ (59,213)

CHIRSTEL HOUSE ACADEMY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2009

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets are not applicable to a school corporation.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 11,381
Improvements other than buildings	648
Machinery and equipment	<u>718,161</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 730,190</u>

CHRISTEL HOUSE ACADEMY
AUDIT RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The Textbook Rental Fund was overdrawn in FY 2007-2008 and FY 2008-2009 by \$132,170 and \$99,386, respectively.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CRISTEL HOUSE ACADEMY, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Cristel House Academy (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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 Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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 the School Corporation'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. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 10, 2009

CHRISTEL HOUSE ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-through Indiana Department of Education				
Child Nutrition Cluster				
National School Breakfast Program	10.553			
		FY 2007-2008	\$ 39,810	\$ -
		FY 2008-2009	-	39,923
National School Lunch Program	10.555			
		FY 2007-2008	149,406	-
		FY 2008-2009	-	151,298
Total for cluster			<u>189,216</u>	<u>191,221</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		FY 2007-2008	285,083	15,825
		FY 2008-2009	-	380,784
Total for cluster			<u>285,083</u>	<u>396,609</u>
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027			
		FY 2008-2009	-	36,117
State Fiscal Stabilization Fund Cluster				
State Fiscal Stabilization Fund Education State Grants Recover Act	84.394			
			-	265,903
Safe and Drug Free Schools and Communities State Grants	84.186			
		FY 2007-2008	2,281	-
		FY 2008-2009	-	1,706
Total for program			<u>2,281</u>	<u>1,706</u>
Charter Schools	84.282			
		FY 2007-2008	-	155,650
Twenty-First Century Community Learning Centers	84.287			
		FY 2007-2008	70,348	-
		FY 2008-2009	-	69,996
Total for program			<u>70,348</u>	<u>69,996</u>
Reading First State Grants	84.357			
		FY 2007-2008	146,812	-
		FY 2008-2009	-	151,598
Total for program			<u>146,812</u>	<u>151,598</u>
Mathematics and Science Partnerships	84.366			
		FY 2008-2009	-	2,528
Improving Teacher Quality State Grants	84.367			
		FY 2007-2008	5,136	-
		FY 2008-2009	-	2,528
Total for program			<u>5,136</u>	<u>2,528</u>
Total for federal grantor agency			<u>357,712</u>	<u>925,981</u>
Total federal awards expended			<u>\$ 698,876</u>	<u>\$ 1,273,856</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CHRISTEL HOUSE ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Christel House Academy (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of School Corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008	2009
National School Breakfast Program	10.553	\$ 2,405	\$ 2,368
National School Lunch Program	10.555	8,606	8,247

CHRISTEL HOUSE ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? no

Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified? no

Significant deficiencies identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
Fiscal Stabilization Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CHRISTEL HOUSE ACADEMY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CHRISTEL HOUSE ACADEMY
EXIT CONFERENCE

The contents of this report were discussed on February 10, 2010, with Carey Dahncke, Treasurer/Principal; Carlos Alexander, Business Manager; Cheryl Wendling, Vice President of the School Board; and Joseph Schneider, Chief Financial Officer of Christel House International. The official response has been made a part of this report and may be found on page 35.



Christel House.
Academy

State Board of Accounts
302 W Washington St Rm E
Indianapolis, IN 46204-2765

OFFICIAL RESPONSE

Reference: Christel House Academy Examination for 07/01/2007-06/30/2009

The State Board of Accounts completed its examination of the books and records of Christel House Academy ("the Academy") on February 10, 2010. This examination resulted in one finding. The Academy's response to that finding is as follows:

Finding: Overdrawn Cash Balances: The examination noted the Textbook Rental Fund was overdrawn at June 30, 2009 by \$99,385.92.

Response: The Textbook Rental Fund cash balance is negative due to the nature and functioning of this fund. Textbooks are purchased through this fund and the fund is then reimbursed through billings to students' families, as well as through textbooks receipts from government sources for children participating in the free and reduced lunch program. Generally, the cost of textbooks is recovered by the school over four to five years. The delay in these receipts perpetually keeps the textbook fund cash balance in a negative position. While this funds' cash balance was overdrawn, sufficient funding was, and continues, to be maintained in the General Fund cash account; the bank account, in total, was not overdrawn.

Respectfully,

Carlos Alexander, *School Business Manager*

Carey Dahncke, *Principal / Treasurer*

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India · Mexico · South Africa · Serbia · Venezuela · USA

ATTACHMENT 23
AUDITED FINANCIAL STATEMENTS
AND CURRENT INTERNAL FINANCIAL STATEMENTS FOR
CHRISTEL HOUSE INTERNATIONAL, INC.

Attachment 23 contains the last three years' audited financial statements for Christel House International, as well as its most recent internal financial statements (including balance sheets and income statements).

Christel House International, Inc. and Affiliates

Accountants' Report and Combined
and Consolidated Financial Statements

December 31, 2011 and 2010

Christel House International, Inc. and Affiliates

December 31, 2011 and 2010

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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, 2011 and 2010, and the related combined and consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of 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, 2011 and 2010, 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 audits were performed for the purpose of forming an opinion on the combined and consolidated financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the combined and consolidated 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 combined and consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined and consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined and consolidated 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 combined and consolidated financial statements as a whole.

BKD, LLP

August 16, 2012

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Financial Position
December 31, 2011 and 2010
(Amounts in Thousands)

	2011	2010
Assets		
Cash and cash equivalents		
Unrestricted	\$ 904	\$ 2,589
Temporarily restricted	336	1,066
Cash attributable to discontinued operations	-	39
Investments		
Unrestricted	4,614	668
Temporarily restricted	18,681	26,213
Accounts receivable	1,216	712
Contributions receivable	2,332	2,910
Other assets	170	191
Bond issue costs, net	162	177
Rental property - Christel House Academy	15,509	15,920
Property and equipment	7,585	9,484
Other assets attributable to discontinued operations	-	861
	<u>\$ 51,509</u>	<u>\$ 60,830</u>
Total assets	<u>\$ 51,509</u>	<u>\$ 60,830</u>
Liabilities		
Accounts payable	\$ 305	\$ 286
Accrued payroll and other	688	689
Bonds payable	9,365	10,010
Liabilities attributable to discontinued operations	-	232
	<u>10,358</u>	<u>11,217</u>
Total liabilities	<u>10,358</u>	<u>11,217</u>
Net Assets		
Unrestricted	19,892	19,444
Temporarily restricted	21,259	30,169
	<u>41,151</u>	<u>49,613</u>
Total net assets	<u>41,151</u>	<u>49,613</u>
Total liabilities and net assets	<u>\$ 51,509</u>	<u>\$ 60,830</u>

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Activities
Years Ended December 31, 2011 and 2010
(Amounts in Thousands)

	2011		
	Unrestricted	Temporarily Restricted	Total
Revenue, Gains and Other Support			
Contributions	\$ 849	\$ 2,873	\$ 3,722
In-kind contributions	305	97	402
Special events (net of expenses of \$164 and \$153)	590	-	590
Grant income	942	571	1,513
Investment income (net of expenses of \$43 and \$7)	435	-	435
Rental income - Christel House Academy	1,164	-	1,164
Other	126	-	126
	<u>4,411</u>	<u>3,541</u>	<u>7,952</u>
Net assets released from restrictions	12,451	(12,451)	-
Total revenue, gains and other support	<u>16,862</u>	<u>(8,910)</u>	<u>7,952</u>
Expenses			
Program services			
Grants	681	-	681
Academics	7,679	-	7,679
	<u>8,360</u>	<u>-</u>	<u>8,360</u>
Management and general	1,150	-	1,150
Fundraising	1,798	-	1,798
Total expenses	<u>11,308</u>	<u>-</u>	<u>11,308</u>
Change in Net Assets From Operations	5,554	(8,910)	(3,356)
Other Gains and Losses			
Realized gain on investments	191	-	191
Unrealized gain (loss) on investments	(797)	-	(797)
Foreign currency translation adjustment	(1,930)	-	(1,930)
	<u>(1,930)</u>	<u>-</u>	<u>(1,930)</u>
Change in Net Assets From Continuing Operations	3,018	(8,910)	(5,892)
Loss on Discontinued Operations	<u>(2,570)</u>	<u>-</u>	<u>(2,570)</u>
Change in Net Assets	448	(8,910)	(8,462)
Net Assets, Beginning of Year	<u>19,444</u>	<u>30,169</u>	<u>49,613</u>
Net Assets, End of Year	<u>\$ 19,892</u>	<u>\$ 21,259</u>	<u>\$ 41,151</u>

2010		
Unrestricted	Temporarily Restricted	Total
\$ 1,048	\$ 4,183	\$ 5,231
468	10	478
508	-	508
1,103	563	1,666
448	-	448
812	-	812
91	-	91
<u>4,478</u>	<u>4,756</u>	<u>9,234</u>
7,040	(7,040)	-
<u>11,518</u>	<u>(2,284)</u>	<u>9,234</u>
25	-	25
6,942	-	6,942
<u>6,967</u>	<u>-</u>	<u>6,967</u>
1,080	-	1,080
1,549	-	1,549
<u>9,596</u>	<u>-</u>	<u>9,596</u>
1,922	(2,284)	(362)
108	-	108
1,720	-	1,720
<u>813</u>	<u>-</u>	<u>813</u>
4,563	(2,284)	2,279
<u>(2,276)</u>	<u>-</u>	<u>(2,276)</u>
2,287	(2,284)	3
<u>17,157</u>	<u>32,453</u>	<u>49,610</u>
<u>\$ 19,444</u>	<u>\$ 30,169</u>	<u>\$ 49,613</u>

Christel House International, Inc. and Affiliates
Combined and Consolidated Statements of Cash Flows
Years Ended December 31, 2011 and 2010
(Amounts in Thousands)

	<u>2011</u>	<u>2010</u>
Operating Activities		
Change in net assets	\$ (8,462)	\$ 3
Items not requiring (providing) cash		
Depreciation	1,148	1,021
Amortization of bond issue costs	15	15
Foreign currency translation adjustment	1,930	(313)
Realized gain on sale of investments	(191)	(108)
Unrealized (gain) loss on investments	797	(1,720)
Transfer property and equipment to Fe Y Alegria	693	-
Changes in		
Accounts receivable	(504)	-
Contributions receivable	594	216
Other assets	40	(457)
Accounts payable	17	(300)
Accrued payroll and other	(231)	(73)
Net cash used in operating activities	<u>(4,154)</u>	<u>(1,716)</u>
Investing Activities		
Purchase of investments	(15,064)	(6,656)
Proceeds from sale of investments	18,177	11,190
Purchase of property and equipment	(242)	(3,322)
Net cash provided by investing activities	<u>2,871</u>	<u>1,212</u>
Financing Activity - bond principal payments	<u>(645)</u>	<u>(620)</u>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	<u>(526)</u>	<u>222</u>
Net Decrease in Cash and Cash Equivalents	(2,454)	(902)
Cash and Cash Equivalents, Beginning of Year	<u>3,694</u>	<u>4,596</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,240</u>	<u>\$ 3,694</u>
Supplemental Cash Flows Information		
Interest paid	\$ 35	\$ 49

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

December 31, 2011 and 2010

(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. CHI 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, technology, character and leadership development, life skills, career planning, arts and culture. 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.

Christel House Venezuela, A.C. (CHV) executed a gift agreement effective July 29, 2011, transferring ownership and control of the learning center to Fe Y Alegria (FA), an internationally recognized provider of quality education. The agreement transferred ownership and control of all real and personal property; including furniture, fixtures, equipment, supplies, books and other items necessary to operate the school. Due to this change in control, employment of all CHV staff ceased in July 2011 and employees were provided the opportunity for reemployment with FA. Severance costs related to these terminations totaled approximately \$814. Revenue attributable to CHV before the transfer date for 2011 and 2010 totaled \$86 and \$198, respectively. The 2011 operations of CHV through the date of transfer resulted in expenses in excess of revenues of \$1,826. This combined with the net assets transferred to FA on July 29, 2011 of \$744 resulted in a loss from discontinued operations of \$2,570.

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 CHI’s career guidance and work-study programs, afternoon extracurricular programs, and transportation and nurse services as these programs and services are not supported under FA’s normal educational model. Estimated annual funding requirements of this grant are approximately \$200. The grant provides an annual review of effectiveness and can be terminated with one month notice.

Christel House International, Inc. and Affiliates

Notes to Combined and Consolidated Financial Statements

December 31, 2011 and 2010

(Amounts in Thousands)

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.

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.
(through the date of transfer of
July 29, 2011)

Each of the entities is a separately incorporated not-for-profit organization and is governed by a board 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, within the meaning of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

In addition, CHI provides management and financial support to Christel House Academy (Academy) and Christel House DORS (DORS), affiliated charter schools located in Indianapolis, Indiana; Christel House (Lavasa), located in Lavasa, India; and Christel House Venezuela, A.C. (CHV) after the date of transfer referred to above. The financial information related to the Academy, DORS, Lavasa and CHV (after July 29, 2011) 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*.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2011 and 2010
(Amounts in Thousands)

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

	2011	2010
Christel House de Mexico, A.C.	\$ 3,253	\$ 2,356
Christel House Venezuela, A.C.	-	668
Christel House India	1,761	1,709
Christel House South Africa	7,136	5,900
Christel House Europe (United Kingdom)	34	23
	\$ 12,184	\$ 10,656

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

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, 2011 and 2010, cash equivalents consisted primarily of money market funds and bond funds.

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to \$250. At December 31, 2011, CHI's interest-bearing cash accounts exceeded federally insured limits by approximately \$350. Additionally, at December 31, 2011, the funds held outside the United States were \$4,746 and are not insured by the FDIC.

Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts through December 31, 2012.

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.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2011 and 2010
(Amounts in Thousands)

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

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, 2011 and 2010.

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, 2011 include \$18,556 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

Revenues and support are derived principally from contributions and income from special events.

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.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2011 and 2010
(Amounts in Thousands)

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, 2011 and 2010, \$402 and \$478, respectively, were received in in-kind contributions.

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 combined and consolidated statements 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 2007.

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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 fundraising 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 2011 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 the date of the Independent Accountants' Report, which is the date the combined and consolidated financial statements were available to be issued.

Note 2: Investments and Investment Return

Investments are as follows:

	<u>2011</u>	<u>2010</u>
Certificates and investment cash	\$ 4,987	\$ 8,455
Commodities	320	-
Equities		
North America	3,744	3,901
International	712	3,208
Government agencies		
North America	2,504	2,679
International	736	380
Corporate obligations	1,761	1,363
Municipal obligations	206	205
Alternative investments	8,325	6,690
	<u>\$ 23,295</u>	<u>\$ 26,881</u>

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

	2011	2010
Investment income (net of expenses of \$43 and \$7)	\$ 435	\$ 448
Net realized gains	191	108
Net unrealized gains (losses)	(797)	1,720
Total return on investments	\$ (171)	\$ 2,276

Alternative Investments

Alternative investments held at December 31, 2011 and 2010 consist of the following:

	2011		
Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period	
Equity and debt long/short hedge funds (A)	\$ 687	Monthly	30 days
Distressed debt funds (B)	2,420	Not eligible	N/A
Private investment partnership funds (C)	1,608	Quarterly	45 days
Multi-asset fund (D)	1,027	Daily	None required
Emerging markets (E)	1,150	Monthly	30 days
International equity (F)	1,283	Monthly	30 days
Private equity (G)	150	Not eligible	N/A
Total alternative investments	\$ 8,325		

	2010		
Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period	
Equity and debt long/short hedge funds (A)	\$ 746	Monthly	30 days
Distressed debt funds (B)	2,617	Not eligible	N/A
Private investment partnership funds (C)	1,695	Quarterly	45 days
Multi-asset fund (D)	1,632	Daily	None required
Total alternative investments	\$ 6,690		

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Unfunded commitments totaled approximately \$972 at December 31, 2011. There were no unfunded commitments as of December 31, 2010.

- (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. This category also 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.
- (C) 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.
- (D) 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.

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- (E) This category includes investments in sensibly-priced, high quality emerging market companies that are anticipated to deliver long-term earnings growth. The fund will typically be invested in 50 - 70 holdings at any given time. In addition, certain funds see to diversify exposure to emerging market local currency debt asset class by reasonable participation in up markets while protecting assets in down markets. The investments seek to incorporate a risk management approach which emphasizes responsible investment in emerging markets. 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.
- (F) This category includes investments in global companies expected to exceed expectations based upon improvements in key business drivers and investments in liquid commodity future markets focused on the energy, metals and agriculture markets. The fund will typically be invested in 70 - 95 companies expected to exceed market expectations at any point in time. The fair values of the investments in this category have been estimated either by using Christel House's ownership interest in partners' capital as reported by the fund administrators or using the net asset values per share as reported by the fund administrator.
- (G) This category seeks to provide investors with long-term compound annual returns in excess of those generally available in the public equity market by investing in funds which are expected to generate top-quartile performance. The funds focus on investments in U.S. Buyout Funds, Venture Capital Funds and Non-U.S. Buyout Funds. 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.

Note 3: Contributions Receivable - Temporarily Restricted

	<u>2011</u>	<u>2010</u>
Due within one year	\$ 1,519	\$ 1,422
Due in one to five years	902	1,689
	<u>2,421</u>	<u>3,111</u>
Discount	(89)	(201)
	<u>\$ 2,332</u>	<u>\$ 2,910</u>

Discount rates ranged from .37% to 1.22% and 1.38% to 2.87% for 2011 and 2010, respectively.

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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 25 years commencing on July 1, 2009. Future rent payments due from the Academy are shown below. Rent receivable under this lease agreement is \$707 and \$360 as of December 31, 2011 and 2010, respectively. This rent receivable is included in accounts receivable balances.

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

	<u>2011</u>	<u>2010</u>
Buildings	\$ 15,704	\$ 15,704
Land improvements	363	363
	<u>16,067</u>	<u>16,067</u>
Accumulated depreciation	(2,791)	(2,380)
	<u>13,276</u>	<u>13,687</u>
Land	2,233	2,233
	<u>\$ 15,509</u>	<u>\$ 15,920</u>

Future lease payments due from Christel House Academy, Inc. at December 31, 2011 were:

2012	\$ 1,034
2013	1,023
2014	1,012
2015	1,000
2016	991
Thereafter	<u>5,852</u>
	<u>\$ 10,912</u>

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Note 5: Property and Equipment

Christel House's property and equipment are as follows:

	2011	2010
Buildings	\$ 7,169	\$ 8,486
Land	628	713
Leasehold improvements	360	370
Furniture and equipment	1,237	1,382
Computer hardware	1,287	1,344
Computer software	193	202
Books and educational materials	267	290
Motor vehicles	248	295
	11,389	13,082
Accumulated depreciation	(3,804)	(3,598)
	\$ 7,585	\$ 9,484

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, 2011 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, 2011 was .22%. 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.

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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, 2011 and 2010 were \$163 and \$177, respectively.

The future maturities of bonds payable are as follows:

2012	\$	660
2013		680
2014		700
2015		720
2016		740
Thereafter		<u>5,865</u>
	<u>\$</u>	<u>9,365</u>

Interest expense for the years ended December 31, 2011 and 2010 was \$35 and \$49, 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, 2011 and 2010 was \$175 and \$188, respectively. Rent expense is recognized on a straight-line basis.

Future minimum lease payments at December 31, 2011, were:

2012	\$	163
2013		163
2014		<u>81</u>
	<u>\$</u>	<u>407</u>

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Note 8: Related Party Transactions

Contributions from Christel DeHaan, CHI's Founder, President and Chief Executive Officer, can and have varied significantly from year to year resulting in significant swings in the financial results reflected on CHI's combined and consolidated statement of activities. During 2011 and 2010, CHI received \$1,221 and \$3,000, respectively, from Ms. DeHaan. The average annual Founder contribution for the five-year period from 2006 through 2010 was \$10,435. In 2012, through the date of the Independent Accountants' Report, CHI received approximately \$6.7 million in contributions from its Founder.

In 2011 and 2010, CHI expensed \$1,351 and \$1,296, respectively, in payroll related costs that were originally paid by CD Enterprises, Ltd. (CDE), a related party. Included in these expenses was \$72 and \$79 for CHI employer contributions to CDE's 401(k) plan for the years ended December 31, 2011 and 2010, respectively. As of December 31, 2011 and 2010, CHI had an outstanding liability balance of \$235 and \$225, 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:

	2011	2010
Contributions restricted for periods after December 31	\$ 18,868	\$ 27,152
Capital projects	1,932	2,386
Learning center programs and services	369	594
Nutritional support	77	5
Parent workshops	-	5
Other programs	13	27
	<u>\$ 21,259</u>	<u>\$ 30,169</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. 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.

	2011	2010
Time restrictions	\$ 9,723	\$ 5,275
Capital projects	1,003	1,121
Nutritional support	11	45
Learning center programs and services	1,604	498
Parent workshops	5	-
Other programs	105	101
	<u>\$ 12,451</u>	<u>\$ 7,040</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

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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 statements 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 private equity funds.

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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, 2011 and 2010:

	Fair Value	2011 Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents				
Money market mutual funds	\$ 1,240	\$ 1,240	\$ -	\$ -
Investments				
Certificates and investment cash	4,987	4,987	-	-
Commodities	320	320	-	-
Equities				
North America	3,744	3,744	-	-
International	712	712	-	-
Government agencies				
North America	2,504	971	1,533	-
International	736	736	-	-
Corporate obligations	1,761	-	1,761	-
Municipal obligations	206	-	206	-
Equity and debt long/short hedge funds	687	-	687	-
Distressed debt funds	2,420	-	-	2,420
Private investment partnership funds	1,608	-	1,608	-
Multi-asset fund	1,027	-	1,027	-
Emerging markets	1,150	-	1,150	-
International equity	1,283	-	1,283	-
Private equity	150	-	-	150
	<u>\$ 24,535</u>	<u>\$ 12,710</u>	<u>\$ 9,255</u>	<u>\$ 2,570</u>
Total assets	<u>\$ 24,535</u>	<u>\$ 12,710</u>	<u>\$ 9,255</u>	<u>\$ 2,570</u>

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	Fair Value	2010 Fair Value Measurements Using		
		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	\$ 3,655	\$ 3,655	\$ -	\$ -
Investments				
Certificates and investment cash	8,455	8,455	-	-
Equities				
North America	3,901	3,901	-	-
International	3,208	3,208	-	-
Government agencies				
North America	2,679	1,367	1,312	-
International	380	380	-	-
Corporate obligations	1,363	-	1,363	-
Municipal obligations	205	-	205	-
Equity and debt long/short				
hedge funds	746	-	746	-
Distressed debt funds	2,617	-	-	2,617
Private investment partnership				
funds	1,695	-	1,695	-
Multi-asset fund	1,632	-	1,632	-
	<u>\$ 30,536</u>	<u>\$ 20,966</u>	<u>\$ 6,953</u>	<u>\$ 2,617</u>
Total assets	<u>\$ 30,536</u>	<u>\$ 20,966</u>	<u>\$ 6,953</u>	<u>\$ 2,617</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		Private Equity	
	2011	2010	2011	2010
Balance, January 1	\$ 2,617	\$ 1,737	\$ -	\$ -
Total realized and unrealized gains	400	702	-	-
Purchases	25	305	150	-
Sales	(622)	(127)	-	-
	<u>\$ 2,420</u>	<u>\$ 2,617</u>	<u>\$ 150</u>	<u>\$ -</u>
Balance, December 31	<u>\$ 2,420</u>	<u>\$ 2,617</u>	<u>\$ 150</u>	<u>\$ -</u>

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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 combined and consolidated statements of activities as follows:

	Distressed Debt			
	2011		2010	
	Change in Net Assets From Operations	Other Gains and Losses	Change in Net Assets From Operations	Other Gains and Losses
Total gains and losses	\$ -	\$ 400	\$ -	\$ 702
Change in unrealized gains or losses relating to assets still held at the statement of financial position date	-	400	-	702

Note 11: Concentration

Christel House received approximately 19% and 37% of its contribution revenue from the Founder in 2011 and 2010, 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 combined and consolidated 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.

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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, 2011
(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
Assets								
Cash and cash equivalents								
Unrestricted	\$ 577	\$ 148	\$ -	\$ 39	\$ 29	\$ 111	\$ -	\$ 904
Restricted	242	-	-	3	91	-	-	336
Investments								
Unrestricted	605	1,300	-	216	2,493	-	-	4,614
Restricted	18,365	45	-	24	247	-	-	18,681
Accounts receivable	1,136	1	-	20	95	-	(36)	1,216
Contributions receivable	2,025	-	-	307	-	-	-	2,332
Other assets	81	27	-	41	21	-	-	170
Bond issue costs, net	162	-	-	-	-	-	-	162
Rental property - Christel House Academy	15,509	-	-	-	-	-	-	15,509
Property and equipment	57	1,850	-	1,210	4,468	-	-	7,585
	<u>\$ 38,759</u>	<u>\$ 3,371</u>	<u>\$ -</u>	<u>\$ 1,860</u>	<u>\$ 7,444</u>	<u>\$ 111</u>	<u>\$ (36)</u>	<u>\$ 51,509</u>
Total assets								
Liabilities								
Accounts payable	\$ 166	\$ 6	\$ -	\$ 5	\$ 128	\$ -	\$ -	\$ 305
Accrued payroll and other	261	112	-	94	180	77	(36)	688
Bonds payable	9,365	-	-	-	-	-	-	9,365
Total liabilities	<u>9,792</u>	<u>118</u>	<u>-</u>	<u>99</u>	<u>308</u>	<u>77</u>	<u>(36)</u>	<u>10,358</u>
Net Assets								
Unrestricted	8,335	3,208	-	1,427	6,888	34	-	19,892
Temporarily restricted	20,632	45	-	334	248	-	-	21,259
Total net assets	<u>28,967</u>	<u>3,253</u>	<u>-</u>	<u>1,761</u>	<u>7,136</u>	<u>34</u>	<u>-</u>	<u>41,151</u>
Total liabilities and net assets	<u>\$ 38,759</u>	<u>\$ 3,371</u>	<u>\$ -</u>	<u>\$ 1,860</u>	<u>\$ 7,444</u>	<u>\$ 111</u>	<u>\$ (36)</u>	<u>\$ 51,509</u>

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
Assets								
Cash and cash equivalents								
Unrestricted	\$ 2,194	\$ 162	\$ -	\$ 3	\$ 16	\$ 73	\$ 141	\$ 2,589
Restricted	880	3	-	14	169	-	-	1,066
Cash attributable to discontinued operations	-	-	39	-	-	-	-	39
Investments								
Unrestricted	592	76	-	-	-	-	-	668
Restricted	26,155	46	-	-	12	-	-	26,213
Accounts receivable	676	1	-	50	35	-	(50)	712
Contributions receivable	2,626	-	-	311	64	-	(91)	2,910
Other assets	41	23	-	33	94	-	-	191
Bond issue costs, net	177	-	-	-	-	-	-	177
Rental property - Christel House Academy	15,920	-	-	-	-	-	-	15,920
Property and equipment	88	2,161	-	1,446	5,789	-	-	9,484
Other assets attributable to discontinued operations	-	-	861	-	-	-	-	861
Total assets	<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>
Liabilities								
Accounts payable	\$ 127	\$ -	\$ -	\$ 25	\$ 134	\$ -	\$ -	\$ 286
Accrued payroll and other	255	116	-	123	145	50	-	689
Bonds payable	10,010	-	-	-	-	-	-	10,010
Liabilities attributable to discontinued operations	-	-	232	-	-	-	-	232
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>
Net Assets								
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>
Total liabilities and net assets	<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>

Christel House International, Inc. and Affiliates
Combining and Consolidating Statement of Activities
Year Ended December 31, 2011
(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
Revenue, Gains and Other Support								
Contributions	\$ 2,541	\$ 221	\$ -	\$ 185	\$ 681	\$ 94	\$ -	\$ 3,722
Direct contributions	173	360	-	86	200	-	(819)	-
CHI Funding	-	2,297	-	934	5,196	100	(8,527)	-
In-kind contributions	243	9	-	26	105	19	-	402
Special events (net of expenses of \$164)	487	9	-	-	66	28	-	590
Grants	290	272	-	398	553	-	-	1,513
Investment income (net of expenses of \$43)	348	21	-	24	42	-	-	435
Rental income - Christel House Academy	1,164	-	-	-	-	-	-	1,164
Other	110	-	-	1	15	-	-	126
Total revenue, gains and other support	<u>5,356</u>	<u>3,189</u>	<u>-</u>	<u>1,654</u>	<u>6,858</u>	<u>241</u>	<u>(9,346)</u>	<u>7,952</u>
Expenses								
Program services								
Grants	11,809	4	-	-	-	116	(11,248)	681
Academics	1,122	1,552	-	1,029	3,976	-	-	7,679
	<u>12,931</u>	<u>1,556</u>	<u>-</u>	<u>1,029</u>	<u>3,976</u>	<u>116</u>	<u>(11,248)</u>	<u>8,360</u>
Management and general	735	157	-	102	136	20	-	1,150
Fundraising	1,074	232	-	206	193	93	-	1,798
Total expenses	<u>14,740</u>	<u>1,945</u>	<u>-</u>	<u>1,337</u>	<u>4,305</u>	<u>229</u>	<u>(11,248)</u>	<u>11,308</u>
Change in Net Assets From Operations	(9,384)	1,244	-	317	2,553	12	1,902	(3,356)
Other Gains and Losses								
Realized gain on investments	191	-	-	-	-	-	-	191
Unrealized loss on investments	(797)	-	-	-	-	-	-	(797)
Foreign currency translation adjustment	-	(347)	-	(265)	(1,317)	(1)	-	(1,930)
Change in Net Assets From Continuing Operations	(9,990)	897	-	52	1,236	11	1,902	(5,892)
Loss on Discontinued Operations	-	-	(668)	-	-	-	(1,902)	(2,570)
Change in Net Assets	(9,990)	897	(668)	52	1,236	11	-	(8,462)
Net Assets, Beginning of Year	38,957	2,356	668	1,709	5,900	23	-	49,613
Net Assets, End of Year	<u>\$ 28,967</u>	<u>\$ 3,253</u>	<u>\$ -</u>	<u>\$ 1,761</u>	<u>\$ 7,136</u>	<u>\$ 34</u>	<u>\$ -</u>	<u>\$ 41,151</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
Revenue, Gains and Other Support								
Contributions	\$ 4,502	\$ 194	\$ -	\$ 107	\$ 410	\$ 18	\$ -	\$ 5,231
Direct contributions	42	88	-	115	128	-	(373)	-
CHI Funding	-	372	-	553	1,068	77	(2,070)	-
In-kind contributions	86	21	-	20	330	21	-	478
Special events (net of expenses of \$153)	476	14	-	(50)	51	17	-	508
Grants	555	251	-	388	472	-	-	1,666
Investment income (net of expenses of \$7)	394	23	-	1	30	-	-	448
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>-</u>	<u>1,145</u>	<u>2,495</u>	<u>133</u>	<u>(2,443)</u>	<u>9,234</u>
Expenses								
Program services								
Grants	3,833	4	-	-	-	46	(3,858)	25
Academics	1,158	1,490	-	923	3,371	-	-	6,942
	<u>4,991</u>	<u>1,494</u>	<u>-</u>	<u>923</u>	<u>3,371</u>	<u>46</u>	<u>(3,858)</u>	<u>6,967</u>
Management and general	738	122	-	84	117	19	-	1,080
Fundraising	994	137	-	182	151	85	-	1,549
Total expenses	<u>6,723</u>	<u>1,753</u>	<u>-</u>	<u>1,189</u>	<u>3,639</u>	<u>150</u>	<u>(3,858)</u>	<u>9,596</u>
Change in Net Assets From Operations	212	(784)	-	(44)	(1,144)	(17)	1,415	(362)
Other Gains and Losses								
Realized gain on investments	108	-	-	-	-	-	-	108
Unrealized gain on investments	1,720	-	-	-	-	-	-	1,720
Foreign currency translation adjustment	-	131	-	58	626	(2)	-	813
Change in Net Assets From Continuing Operations	2,040	(653)	-	14	(518)	(19)	1,415	2,279
Loss on Discontinued Operations	-	-	(861)	-	-	-	(1,415)	(2,276)
Change in Net Assets	2,040	(653)	(861)	14	(518)	(19)	-	3
Net Assets, Beginning of Year	<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>
Net Assets, End of Year	<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
Combined and Consolidated Statement of Functional Expenses
Year Ended December 31, 2011
(Amounts in Thousands)

	<u>Program Service Expenses</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Grants</u>	<u>Academics</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Salaries and benefits	\$ -	\$ 4,033	\$ 4,033	\$ 717	\$ 1,103	\$ 5,853
Direct grants	681	-	681	-	-	681
Outside services	-	167	167	160	159	486
Course materials/supplies	-	416	416	-	-	416
Medicine/laboratories	-	31	31	-	-	31
Nutritional support	-	645	645	-	-	645
Sales and marketing	-	-	-	-	303	303
Travel and entertainment	-	29	29	56	80	165
Vehicle/transportation expense	-	480	480	2	3	485
Rent and facilities	-	473	473	81	61	615
Depreciation and amortization	-	1,121	1,121	38	4	1,163
Interest expense/bond fees	-	116	116	-	-	116
Other	-	168	168	96	85	349
Total expenses	<u>\$ 681</u>	<u>\$ 7,679</u>	<u>\$ 8,360</u>	<u>\$ 1,150</u>	<u>\$ 1,798</u>	<u>\$ 11,308</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	\$ -	\$ 3,511	\$ 3,511	\$ 641	\$ 773	\$ 4,925
Direct grants	25	-	25	-	-	25
Outside services	-	230	230	131	205	566
Course materials/supplies	-	401	401	-	-	401
Medicine/laboratories	-	25	25	-	-	25
Nutritional support	-	646	646	-	-	646
Sales and marketing	-	-	-	-	233	233
Travel and entertainment	-	55	55	76	59	190
Vehicle/transportation expense	-	412	412	2	3	417
Rent and facilities	-	376	376	110	60	546
Depreciation and amortization	-	986	986	46	4	1,036
Interest expense/bond fees	-	147	147	-	-	147
Other	-	155	155	73	211	439
Total expenses	<u>\$ 25</u>	<u>\$ 6,944</u>	<u>\$ 6,969</u>	<u>\$ 1,079</u>	<u>\$ 1,548</u>	<u>\$ 9,596</u>

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)

	2010	2009
Assets		
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
Liabilities		
Accounts payable	\$ 288	\$ 588
Accrued payroll and other	919	992
Bonds payable	10,010	10,630
Total liabilities	11,217	12,210
Net Assets		
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)

	2010		
	Unrestricted	Temporarily Restricted	Total
Revenue, Gains and Other Support			
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>
Expenses			
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>
Change in Net Assets From Operations	146	(2,284)	(2,138)
Other Gains and Losses			
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>
Change in Net Assets	2,287	(2,284)	3
Net Assets, Beginning of Year	<u>17,157</u>	<u>32,453</u>	<u>49,610</u>
Net Assets, End of Year	<u>\$ 19,444</u>	<u>\$ 30,169</u>	<u>\$ 49,613</u>

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

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

	2010	2009
Operating Activities		
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)
Investing Activities		
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)
Financing Activity - bond principal payments	(620)	(605)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	222	1,765
Net Decrease in Cash and Cash Equivalents	(902)	(21,281)
Cash and Cash Equivalents, Beginning of Year	4,596	25,877
Cash and Cash Equivalents, End of Year	\$ 3,694	\$ 4,596
Supplemental Cash Flows Information		
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:

	2010	2009
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
December 31, 2010 and 2009
(Amounts in Thousands)

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.

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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>

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

	2010	2009
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:

	Fair Value	2010 Redemption Frequency (if Currently Eligible)	Redemption Notice Period
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

	Fair Value	2009 Redemption Frequency (if Currently Eligible)	Redemption Notice Period
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

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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.

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Note 3: Contributions Receivable - Temporarily Restricted

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

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:

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

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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.

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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>

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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:

	<u>2010</u>	<u>2009</u>
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	<u>27</u>	<u>87</u>
	<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.

	2010	2009
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

Notes to Combined and Consolidated Financial Statements

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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.

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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:

	2010			
	Fair Value	Fair Value Measurements Using		
		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	\$ 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
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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>

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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:

	Distressed Debt			
	2010		2009	
	Change in Net Assets From Operations	Other Gains and Losses	Change in Net Assets From Operations	Other Gains and Losses
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	-	-

	Real Estate			
	2010		2009	
	Change in Net Assets From Operations	Other Gains and Losses	Change in Net Assets From Operations	Other Gains and Losses
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.

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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
Assets								
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								
Liabilities								
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>
Net Assets								
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>
Total liabilities and net assets	<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>

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
Assets								
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								
Liabilities								
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>
Net Assets								
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
Revenue, Gains and Other Support								
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>
Expenses								
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>
Change in Net Assets From Operations	212	(784)	(361)	(44)	(1,144)	(17)	-	(2,138)
Other Gains and Losses								
Realized gain on investments	108	-	-	-	-	-	-	108
Unrealized gain on investments	1,720	-	-	-	-	-	-	1,720
Foreign currency translation adjustment	-	131	(500)	58	626	(2)	-	313
Change in Net Assets	2,040	(653)	(861)	14	(518)	(19)	-	3
Net Assets, Beginning of Year	<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>
Net Assets, End of Year	<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
Revenue, Gains and Other Support								
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>
Expenses								
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>
Change in Net Assets From Operations	(3,929)	234	(1,702)	(134)	1,335	(252)	-	(4,448)
Other Gains and Losses								
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
	<u>-</u>	<u>102</u>	<u>1,883</u>	<u>59</u>	<u>989</u>	<u>21</u>	<u>-</u>	<u>3,054</u>
Change in Net Assets	(3,935)	472	161	(81)	2,327	(231)	-	(1,287)
Net Assets, Beginning of Year	<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>
Net Assets, End of Year	<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)

	<u>Program Service Expenses</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Grants</u>	<u>Academics</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
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
	<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>

Christel House International, Inc. and Affiliates

Accountants' Report and Combined
and Consolidated Financial Statements

December 31, 2009

Christel House International, Inc. and Affiliates

December 31, 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 statement of financial position of Christel House International, Inc. and Affiliates (Christel House) as of December 31, 2009, and the related combined and consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of Christel House's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit provides 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, 2009, and the results of its operations and its cash flows for the year 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, changes in net assets and cash flows 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}

September 30, 2010

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

		2009
Assets		
Cash and cash equivalents		
Unrestricted	\$	3,915
Temporarily restricted		681
Investments		
Unrestricted		990
Temporarily restricted		28,730
Accounts receivable		269
Contributions receivable		3,142
Other assets		196
Bond issue costs, net		192
Rental property - Christel House Academy		12,502
Property and equipment		11,203
Total assets		\$ 61,820
Liabilities		
Accounts payable	\$	588
Accrued payroll and other		992
Bonds payable		10,630
Total liabilities		\$ 12,210
Net Assets		
Unrestricted		17,157
Temporarily restricted		32,453
Total net assets		49,610
Total liabilities and net assets		\$ 61,820

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, Gains and Other Support			
Contributions	\$ 784	\$ 3,850	\$ 4,634
In-kind contributions	356	-	356
Special events (net of expenses of \$232)	585	-	585
Grant income	545	104	649
Investment income (net of expenses of \$58)	878	-	878
Rental income - Christel House Academy	914	-	914
Other	16	-	16
	<u>4,078</u>	<u>3,954</u>	<u>8,032</u>
Net assets released from restrictions	7,594	(7,594)	-
Total revenue, gains and other support	<u>11,672</u>	<u>(3,640)</u>	<u>8,032</u>
Expenses			
Program services			
Grants	888	-	888
Academics	8,792	-	8,792
	<u>9,680</u>	<u>-</u>	<u>9,680</u>
Management and general	1,289	-	1,289
Fund raising	1,511	-	1,511
Total expenses	<u>12,480</u>	<u>-</u>	<u>12,480</u>
Change in Net Assets From Operations	(808)	(3,640)	(4,448)
Other Gains and Losses			
Gain on sale of property	113	-	113
Realized loss on investments	(3,198)	-	(3,198)
Unrealized gain on investments	3,192	-	3,192
Foreign currency translation adjustment	3,054	-	3,054
	<u>3,054</u>	<u>-</u>	<u>3,054</u>
Change in Net Assets	2,353	(3,640)	(1,287)
Net Assets, Beginning of Year	<u>14,804</u>	<u>36,093</u>	<u>50,897</u>
Net Assets, End of Year	<u>\$ 17,157</u>	<u>\$ 32,453</u>	<u>\$ 49,610</u>

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

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

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 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. 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 as a second language, computer skills, character development, life skills, and arts and cultural activities. Since its founding in 1998, Christel House 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. 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, 2009
(Amounts in Thousands)

Principles of Combination and Consolidation

For 2009, Christel House prepared its financial statements in accordance with accounting principles generally accepted in the United States of America. Accordingly, the financial operations of the international affiliates are combined and consolidated in these financial statements. Previously, Christel House prepared its financial statements on the accounting basis used for income tax purposes, and as such, the audited financial statements did not include the financial activities of the international affiliates.

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. The financial information related to the Academy is not consolidated in these financial statements as the Academy is 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:

	2009
Christel House de Mexico, A.C.	\$ 3,009
Christel House Venezuela, A.C.	1,529
Christel House India	1,695
Christel House South Africa	6,418
Christel House Europe (United Kingdom)	42
	\$ 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, 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. 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 June 30, 2010, all noninterest-bearing accounts are fully guaranteed by the FDIC for the entire amount in the account. The FDIC's insurance limits increased to \$250,000 for interest-bearing accounts through December 31, 2013.

At December 31, 2009, cash equivalents consisted primarily of money market funds and bond funds. The balance in excess of insured amounts was approximately \$1,544. Additionally, at December 31, 2009, the funds held outside the United States were \$2,711 and are not insured by the FDIC.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are also valued 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 and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the combined and consolidated statement 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
December 31, 2009
(Amounts in Thousands)

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, 2009 include \$28,584 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 statement 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 year ended December 31, 2009, \$280 was received in in-kind contributions.

Grant Making

Unconditional grants are recognized as expenses in the period approved.

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

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 balance sheet 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.

Uncertain Tax Positions

During 2009, Christel House adopted the provisions of ASC Topic 740, *Income Taxes*, concerning the accounting and disclosures for uncertain tax positions, previously deferred by ASC 740-10-65. As part of the implementation of this standard, management evaluated its current tax positions and determined the adoption of this standard had no material impact on the financial statements of Christel House. For Christel House International, Inc., the tax years still subject to examination by taxing authorities in the United States are years subsequent to 2005.

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 statement 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.

Subsequent Events

Subsequent events have been evaluated through September 30, 2010, 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
December 31, 2009
(Amounts in Thousands)

Christel House Venezuela has entered into discussions with an education-based not-for-profit organization seeking a collaboration to reduce the expense structure of Christel House Venezuela. The details of this proposed collaboration have yet to be finalized.

Note 2: Investments and Investment Return

Investments are as follows:

	2009
Equity securities	\$ 4,694
Government debt securities	2,868
Treasury obligations	81
Money market funds	16,645
Alternative investments	5,432
	\$ 29,720

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

	2009
Investment income (net of expenses of \$58)	\$ 878
Net realized losses	(3,198)
Net unrealized gains	3,192
Total return on investments	\$ 872

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

Alternative Investments

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

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
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

- (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.

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

- (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.

Note 3: Contributions Receivable - Temporarily Restricted

	2009
Due within one year	\$ 843
Due in one to five years	2,499
	3,342
Discount	(200)
	\$ 3,142

Discount rates ranged from 1.95% to 2.87% for 2009.

Christel House International, Inc. and Affiliates
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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. All 2009 rent payments were received by December 31.

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

	2009
Buildings	\$ 12,118
Land improvements	179
	12,297
Accumulated depreciation	(2,028)
	10,269
Land	2,233
	\$ 12,502

Future lease payments due from Christel House Academy, Inc. at December 31, 2009 were:

2010	\$ 1,010
2011	1,044
2012	1,034
2013	1,023
2014	1,012
Thereafter	7,842
	\$ 12,965

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

Note 5: Property and Equipment

Christel House's property and equipment are as follows:

	2009
Buildings	\$ 9,121
Land	681
Leasehold improvements	267
Furniture and equipment	1,559
Computer hardware	1,292
Computer software	206
Books and educational materials	401
Motor vehicles	293
Works in progress	1,169
	14,989
Accumulated depreciation	(3,786)
	\$ 11,203

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, 2009 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, 2009 was .55%. 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. and Affiliates
Notes to Combined and Consolidated Financial Statements
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(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, 2009 were \$192.

The future maturities of bonds payable are as follows:

2010	\$	620
2011		645
2012		660
2013		680
2014		700
Thereafter		<u>7,325</u>
	<u>\$</u>	<u>10,630</u>

Interest expense for the year ended December 31, 2009 was \$185.

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 year ended December 31, 2009 was \$195. Rent expense is recognized on a straight-line basis.

Future minimum lease payments at December 31, 2009, were:

2010	\$	167
2011		166
2012		163
2013		163
2014		<u>81</u>
	<u>\$</u>	<u>740</u>

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

Note 8: Related Party Transactions

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

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

	2009
Contributions restricted for periods after December 31	\$ 28,950
Capital projects	3,144
Learning center programs and services	224
Nutritional support	43
Parent workshops	5
Other programs	87
	\$ 32,453

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. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 2009
(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.

	2009
Time restrictions	\$ 6,906
Nutritional and medical programs	98
Educational programs	564
Parent workshops	4
Other programs	22
	\$ 7,594

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

Following is a description of the valuation methodologies 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.

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

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, 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 government debt 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 certain alternative investments.

The following table presents 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, 2009:

	Fair Value	Fair Value Measurements Using		
		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	2,868	575	2,293	-
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	\$ 31,580	\$ 23,774	\$ 6,069	\$ 1,737

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

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

	Alternative Investments
Balance, January 1, 2009	\$ 2,248
Total realized and unrealized gains	(125)
Purchases	58
Sales	(444)
Balance, December 31, 2009	\$ 1,737

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:

	Change in Net Assets From Operations	Other Gains and Losses
Total gains and losses	\$ (10)	\$ (115)
Change in unrealized gains or losses relating to assets still held at the statement of financial position date	-	(115)

Note 11: Concentration

Christel House received approximately 37% of its contribution revenue from the Founder in 2009.

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.

As of December 31, 2009, Christel House had commitments for the construction of a high school building to open in Fall of 2010, for Christel House Academy totaling approximately \$3,000.

Christel House International, Inc. and Affiliates
Notes to Combined and Consolidated Financial Statements
December 31, 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 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, 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
Assets								
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								
Liabilities								
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>
Net Assets								
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, 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
Revenue, Gains and Other Support								
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	-	-	-	-	16	-	-	16
Total revenue, gains and other support	<u>6,421</u>	<u>1,728</u>	<u>1,664</u>	<u>824</u>	<u>4,097</u>	<u>121</u>	<u>(6,823)</u>	<u>8,032</u>
Expenses								
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
Fund raising	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>
Change in Net Assets From Operations	(3,929)	234	(1,702)	(135)	1,336	(252)	-	(4,448)
Other Gains and Losses								
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>(82)</u>	<u>2,328</u>	<u>(231)</u>	<u>-</u>	<u>(1,287)</u>
Net Assets, Beginning of Year	<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>
Net Assets, End of Year	<u>\$ 36,917</u>	<u>\$ 3,009</u>	<u>\$ 1,529</u>	<u>\$ 1,694</u>	<u>\$ 6,419</u>	<u>\$ 42</u>	<u>\$ -</u>	<u>\$ 49,610</u>

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

	<u>Program Service Expenses</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Grants</u>	<u>Academics</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
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
	<u>\$ 888</u>	<u>\$ 8,792</u>	<u>\$ 9,680</u>	<u>\$ 1,289</u>	<u>\$ 1,511</u>	<u>\$ 12,480</u>

Christel House International
Balance Sheet
12/31/12
(000's)

	<u>12/31/2012</u>	<u>12/31/2011</u>	<u>Incr/(Decr)</u>
Assets			
Cash & Cash Equivalents	\$ 5,021	\$ 819	\$ 4,202
Short Term Investments	877	720	157
Investments	17,683	17,128	555
Unrealized Investments Gains	1,685	1,122	563
Receivables	2,980	3,194	(214)
Prepaid Assets	52	49	4
Property & Equipment, Net	15,136	15,566	(430)
Other Assets	148	163	(15)
Total Assets	\$ 43,583	\$ 38,760	\$ 4,823
Liabilities & Net Assets			
Liabilities			
Accounts Payable	\$ 48	\$ 166	\$ (118)
Accrued Expenses	272	261	11
Bonds Payable	8,705	9,365	(660)
Other Liabilities	1	(0)	1
Total Liabilities	9,026	9,792	(766)
Net Assets	34,557	28,968	5,589
Total Liabilities & Net Assets	\$ 43,583	\$ 38,760	\$ 4,823

Christel House International
Statement of Activities
12 Months Ending 12/31/12
(000's)

	YTD Actual	YTD Budget	Variance	Annual Budget
Revenue				
Contributions				
General Contributions	\$ 886	\$ 1,074	\$ (188)	\$ 1,074
Board Support	335	300	35	300
Grants	932	1,070	(138)	1,070
Events - CH Open	513	425	88	425
In-Kind Contributions	309	228	81	228
Total Development Contributions	2,974	3,097	(123)	3,097
Direct Contributions for Centers	34	0	34	0
Founder Funding	6,705	2,000	4,705	2,000
Total Funding Contributions	6,739	2,000	4,739	2,000
Total Contributions	9,713	5,097	4,616	5,097
Other Income				
Investment Income (Loss)	1,564	1,131	433	1,131
Rental Income	1,195	836	359	836
Other	54	48	6	48
Total Other Income	2,813	2,015	798	2,015
Total Revenue	12,527	7,112	5,415	7,112
Program Grants				
Grants	2,848	467	2,382	467
Direct Contributions	1,172	280	892	280
Total Grants	4,020	747	3,273	747
Expenses				
Operating Expenses				
Salary and Benefits	1,471	1,780	(309)	1,780
Outside Services	96	135	(39)	135
Marketing	103	214	(111)	214
Travel & Entertainment	89	145	(56)	145
Facilities	197	189	8	189
Printing, Postage & Supplies	51	59	(8)	59
Other Expenses	355	333	22	333
Total Operating Expenses	2,362	2,855	(493)	2,855
Non Operating Expenses	555	604	(49)	604
Total Expenses	2,917	3,459	(542)	3,459
Total Grants & Expenses	6,937	4,206	2,731	4,206
Net Increase (Decrease) in Net Assets	\$ 5,589	\$ 2,906	\$ 2,683	\$ 2,906

ATTACHMENT 24
LITIGATION SUMMARY

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