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Board of Directors; Finance, Audit and Compensation Committee and Management
Christel House International, Inc. and Affiliates
Indianapolis, Indiana

As part of our audit of the combined and consolidated financial statements of Christel House International, Inc. (CHI) and Affiliates (collectively known as "Christel House") as of and for the year ended December 31, 2014, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the combined and consolidated financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

Christel House's significant accounting policies are described in Note 1 of the combined and consolidated audited financial statements.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- The fair value of investments
- The estimated useful lives of property and equipment and rental property
- The allocation of functional expenses

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Fair value disclosures
- Principles of combination and consolidation
- Related parties
- Subsequent events
- Property and equipment

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the combined and consolidated financial statements from being materially misstated. We did not propose any adjustments as a result of our audit.

Auditor's Judgments About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding Christel House's application of accounting principles:

- No matters are reportable

Significant Issues Discussed With Management

No matters are reportable.

Other Material Written Communications

The only other material written communications between management and us related to the audit is the management representation letter, a copy of which is attached.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the combined and consolidated financial statements of Christel House as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Christel House's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the combined and consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Christel House's internal control. Accordingly, we do not express an opinion on the effectiveness of Christel House's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the Company's combined and consolidated financial statements on a timely basis. A deficiency in design exists when a control necessary to meet a control objective is missing or an existing control is not properly designed so that, even if the control operates as designed, a control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's combined and consolidated financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. Material weaknesses may exist that have not been identified.

FUTURE ACCOUNTING CONSIDERATIONS

FASB Proposes Significant Changes to NFP Financial Reporting

On April 22, 2015, the Financial Accounting Standards Board (FASB) proposed significant changes to not-for-profit financial reporting. The proposed Accounting Standards Update (ASU), *Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954): Presentation of Financial Statements of Not-for-Profit Entities*, would change several requirements for financial statements and notes of all not-for-profit (NFP) entities, as well as certain requirements specific to health care entities. The changes are worthy of attention, and FASB encourages NFPs and vested stakeholders to review and comment on the proposal by August 20, 2015.

The proposed standards would represent the most significant changes in NFP reporting rules since 1993, when FASB issued Statement No. 116 and Statement No. 117. FASB proposes significant changes to the fundamental reporting model, with the intent of providing intuitive financial and liquidity information to donors, grantors, lenders and other users of NFP financial statements. A summary of the proposed changes by financial statement area is as follows:

Statement of financial position:

- The NFP statement of financial position would distinguish between two new classes of net assets—those with donor-imposed restrictions and those without—replacing the existing three classes of net assets. The proposal retains the current requirements to provide information on the nature and amount of different types of donor restrictions in the notes to the financial statements.

Statement of activities:

- The statement of activities would include a new standardized operating measure, requiring NFPs to classify all revenues and expenses as an operating or nonoperating activity. Within the operating activities associated with changes in net assets without donor restrictions, the statement would include two new measures of operating performance presented as subtotals before and after internal transfers.

- The proposal would require NFPs to report expenses by both nature and function, either on the face of the statement of activities, as a separate statement or within the notes. Voluntary health and welfare organizations no longer would be required to provide a statement of functional expenses; they instead would have the presentation options available to all NFPs.

- The proposal requires NFPs to use the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset. This eliminates the option to release the donor-imposed restriction over the estimated useful life of the acquired asset.

- An NFP would report investment income net of external and direct internal investment expenses on the statement of activities; it no longer would be required to disclose the amount of investment expenses netted against investment returns, other than the amount of internal direct costs of salaries and benefits.

Statement of cash flows:

- Regarding the statement of cash flows, not-for-profits will be required to use the direct method versus the indirect method, providing increased congruency with the redesigned statement of activities. In addition, FASB proposes reclassifying items reported in a cash flow statement to better align them with the ASU's proposed notion that operating activities reporting in the statement of activities should be based on whether "resource inflows and outflows are from or directed at carrying out an NFP's purpose for existence."

Notes to the financial statements:

- FASB proposes new and enhanced quantitative and qualitative disclosures to provide additional information useful in assessing liquidity and cash flows, including a description of the time horizon used to manage its liquidity, and near-term availability and demands for cash as of the reporting date.

The proposed amendments would be applied on a retrospective basis. FASB will determine the effective date and whether it should be the same for all not-for-profit entities, as well as whether early adoption would be permitted, after considering stakeholder feedback. The comment period ends 120 days from issuance of the exposure draft. For more information on this topic, contact your BKD advisor.

Potential Changes to the Method of Accounting for Leases Under U.S. Generally Accepted Accounting Principles (U.S. GAAP)

FASB and IASB (the Boards) began redeliberations in 2014 on significant issues related to the revised lease exposure draft issued in May 2013. The proposed standard requires all leases, other than short-term leases, to be recognized on the balance sheet. In their redeliberations on the May 2013 exposure draft, the Boards have taken divergent approaches. FASB is proposing requiring that lessees classify leases as one of two types. Most existing capital/finance leases would be accounted for as Type A leases with amortization of the right-of-use (ROU) asset recognized separately from interest on the lease liability. Most existing operating leases would be accounted for as Type B leases, with a single total for lease expense recognized on a straight-line basis. Both Type A and Type B leases would result in the lessee recognizing a ROU asset and a lease liability.

When adopted, this new approach will require more monitoring and recordkeeping. Organizations should evaluate the potential impacts on the financial statements, particularly with regard to financial ratios, results and related matters. These changes may have unexpected impacts on debt covenants or other contracts with lenders, vendors, employees, regulators, etc., that may require revision to maintain the original intent.

FASB has not yet established an expected effective date for the final standard, but it will likely be no sooner than three years after issuance. The final standard would be required to be applied to all leases outstanding as of the beginning of the earliest comparative period presented with the option of applying a full retrospective or modified retrospective approach.

As a reminder, until a final standard is issued, any positions contained within the exposure draft are still susceptible to change.

This communication is intended solely for the information and use of management; the Board of Directors; the Audit, Finance and Compensation Committee and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

September 10, 2015

September 10, 2015

BKD, LLP
Certified Public Accountants
201 North Illinois Street, Suite 700
Indianapolis, IN 46204

We are providing this letter in connection with your audits of our combined and consolidated financial statements as of and for the years ended December 31, 2014 and 2013. We confirm that we are responsible for the fair presentation of the combined and consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated December 8, 2014, for the preparation and fair presentation of the combined and consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of combined and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. We have provided you with:

   (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the combined and consolidated financial statements such as records, documentation and other matters.

(b) Additional information that you have requested from us for the purpose of the audit.

(c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

(d) All minutes of directors' meetings held through the date of this letter.

(e) All significant contracts and grants.

5. All transactions have been recorded in the accounting records and are reflected in the combined and consolidated financial statements.

6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by Organization procedures with respect to:

(a) Misappropriation of assets.

(b) Misrepresented or misstated assets, liabilities or net assets.

7. We understand the potential penalties for failure to disclose reportable tax transactions to the taxing authorities and have fully disclosed to BKD any and all known reportable tax transactions.

8. We have no knowledge of any known or suspected:

(a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.

(b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the combined and consolidated financial statements.

9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, customers, regulators, suppliers or others.

10. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, subsidiaries accounted for by the equity method; and any other party with which the Organization may deal if the Organization can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the Organization.

11. Except as reflected in the combined and consolidated financial statements, there are no:

    (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.

    (b) Material transactions omitted or improperly recorded in the financial records.

    (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.

    (d) Events occurring subsequent to the balance sheet date through the date of this letter requiring adjustment or disclosure in the combined and consolidated financial statements.

    (e) Agreements to purchase assets previously sold.

    (g) Restrictions on cash balances or compensating balance agreements.

    (h) Guarantees, whether written or oral, under which the Organization is contingently liable.

12. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing combined and consolidated financial statements.

13. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the combined and consolidated financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.

14. Adequate provisions and allowances have been accrued for any material losses from:

    (a) Uncollectible receivables, including pledges.

    (b) Purchase commitments in excess of normal requirements or above prevailing market prices.

15. Except as disclosed in the combined and consolidated financial statements, the Organization has:

    (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.

(b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the combined and consolidated financial statements.

16. The combined and consolidated financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the balance sheet date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

17. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the combined and consolidated financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.

18. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

19. With respect to any nonattest services you have provided us during the year:

(a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.

(b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.

(c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

(d) We have evaluated the adequacy of the services performed and any findings that resulted.

20. We are an organization exempt from income tax under Section 501(c) of the Internal Revenue Code and a similar provision of state law and, except as disclosed in the combined and consolidated financial statements, there are no activities that would jeopardize our tax-exempt status or subject us to income tax on unrelated business income or excise tax on prohibited transactions and events.

21. We have identified to you any activities conducted having both fund raising and program or management and general components (joint activities) and have allocated the costs of any joint activities in accordance with the provisions of FASB ASC 958-720-45.

22. With regard to supplementary information:

    (a) We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.

    (b) We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.

    (c) The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period.

    (d) We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

    (e) If the supplementary information is not presented with the audited combined and consolidated financial statements, we acknowledge we will make the audited combined and consolidated financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.

23. We agree with the classification and release of net assets as reflected in the combined and consolidated financial statements. In particular, the temporarily restricted net assets provided by the Founder for future operations are restricted by time and purpose, and are fairly stated. On an annual basis, net assets used in operations are released to cover management and general expenses, fundraising expenses, and any shortfall between outside contributions received and program services expenses. The total amount of the Founder's contributions released in 2014 and 2013 for operations was $3,438,687 and $1,892,244, respectively, and the ending balance of the Founder's temporarily restricted contributions for operations is $35,583,083 and $20,764,785, respectively.

Christel DeHaan, President and Founder

Joe Schneider, Senior Vice President and Chief Financial Officer

Becky Hawkins, Accounting Manager