ELLIN & TUCKER

MARIAN HOUSE, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

MARIAN HOUSE

Women Moving From Dependence To Independence

Independent Auditors' Report

To the Board of Directors of
Marian House, Inc.

Opinion

We audited the accompanying consolidated financial statements of Marian House, Inc. and Subsidiaries (collectively referred to as the Organization) (a nonprofit organization), which comprise the Consolidated Statements of Financial Position as of June 30, 2023 and 2022, the related Consolidated Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022 and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Adjustment

As discussed in Note 12 to the financial statements, certain errors resulting in understatement of amounts previously reported for receivables and revenue as of June 30, 2022 were discovered by management of the Organization during the year ended June 30, 2023. Accordingly, amounts reported for receivables, deferred revenue, and revenue were restated in the June 30, 2022 consolidated financial statements now presented, and an adjustment has been made to net assets as of July 1, 2022 to correct the error. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT, CONTINUED

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

AUDITORS' RESPONSIBILITIES FOR THE AUDITS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance matters regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

INDEPENDENT AUDITORS' REPORT, CONTINUED

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we also issued our report dated November 20, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Ellin & Tucker

ELLIN & TUCKER
Certified Public Accountants

Baltimore, Maryland
November 20, 2023

ASSETS

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 382,471	$ 335,726
Restricted Cash (Note 2)	26,491	40,536
Investments (Note 3)	2,839,045	2,814,585
Fees Receivable	371,316	435,205
Grants Receivable	125,000	92,288
Other Receivables	55,568	86,905
Prepaid Expenses	87,191	70,675
Other Assets	173,736	114,389
Property and Equipment, Net (Note 4)	10,825,006	10,842,044
Total Assets	$ 14,885,824	$ 14,832,353

LIABILITIES AND NET ASSETS

	2023	2022
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 228,792	$ 322,222
Deferred Revenue	47,304	47,609
Security Deposits and Funds Held for Residents	54,255	72,196
Line of Credit (Note 7)	250,000	-
Long-Term Debt (Note 5)	965,076	992,316
Total Liabilities	1,545,427	1,434,343
NET ASSETS (Note 6)		
Without Donor Restrictions:		
Undesignated Net Assets	12,160,316	12,275,581
Board-Designated Net Assets	828,514	907,063
	12,988,830	13,182,644
With Donor Restrictions	351,567	215,366
Total Net Assets	13,340,397	13,398,010
Total Liabilities and Net Assets	$ 14,885,824	$ 14,832,353

(See Independent Auditors' Report and Accompanying Notes)

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions and Non-Government Grants	$ 298,405	$ 901,887	$ 1,200,292	$ 662,040	$ 380,770	$ 1,042,810
Fees and Grants from Federal Government Sources	1,572,221	-	1,572,221	1,590,343	-	1,590,343
Fees and Grants from Non-Federal Government Sources	896,790	-	896,790	716,748	-	716,748
Management Fees (Note 9)	17,811	-	17,811	16,760	-	16,760
Resident Fees	516,487	-	516,487	554,726	-	554,726
Special Events, Net of Direct Expenses of $31,876 and $71,850, Respectively	112,996	-	112,996	239,854	-	239,854
Other	(11,170)	-	(11,170)	26,188	-	26,188
	3,403,540	901,887	4,305,427	3,806,659	380,770	4,187,429
Net Assets Released from Restrictions	765,686	(765,686)	-	522,249	(522,249)	-
Total Revenue and Support	4,169,226	136,201	4,305,427	4,328,908	(141,479)	4,187,429
EXPENSES						
Program	3,798,859	-	3,798,859	3,650,011	-	3,650,011
General and Administrative	526,924	-	526,924	502,372	-	502,372
Fundraising	322,372	-	322,372	329,544	-	329,544
Total Expenses	4,648,155	-	4,648,155	4,481,927	-	4,481,927
Change in Net Assets before Non-Operating Activities	(478,929)	136,201	(342,728)	(153,019)	(141,479)	(294,498)
NON-OPERATING ACTIVITIES						
Investment Income, Net of Investment Fees of $15,748 and $26,923, Respectively	73,654	-	73,654	69,492	-	69,492
Net Realized and Unrealized Gain (Loss) on Investments	211,461	-	211,461	(562,567)	-	(562,567)
Total Non-Operating Activities	285,115	-	285,115	(493,075)	-	(493,075)
Change in Net Assets	(193,814)	136,201	(57,613)	(646,094)	(141,479)	(787,573)
NET ASSETS – BEGINNING OF YEAR AS PREVIOUSLY REPORTED	13,182,644	215,366	13,398,010	13,867,973	356,845	14,224,818
PRIOR PERIOD ADJUSTMENT (Note 12)	-	-	-	(39,235)	-	(39,235)
NET ASSETS – BEGINNING OF YEAR AS ADJUSTED	13,182,644	215,366	13,398,010	13,828,738	356,845	14,185,583
NET ASSETS – END OF YEAR	$ 12,988,830	$ 351,567	$ 13,340,397	$ 13,182,644	$ 215,366	$ 13,398,010

(See Independent Auditors' Report and Accompanying Notes)

	Program Services		Supporting Services: General and Administrative		Supporting Services: Fundraising		Supporting Services: Total		Total Expenses	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Salaries	$ 1,301,619	$ 1,256,052	$ 276,661	$ 279,842	$ 238,602	$ 242,909	$ 515,263	$ 522,751	$ 1,816,882	$ 1,778,803
Payroll Taxes and Employee Benefits	271,722	241,587	56,853	40,349	44,448	37,092	101,301	77,441	373,023	319,028
Total Salaries and Related Expenses	1,573,341	1,497,639	333,514	320,191	283,050	280,001	616,564	600,192	2,189,905	2,097,831
Bank Fees	1,388	1,847	6,739	9,469	227	(40)	6,966	9,429	8,354	11,276
Bad Debt	17,289	-	-	-	-	-	-	-	17,289	-
Contractual Services	57,559	45,437	12,538	6,494	2,913	3,295	15,451	9,789	73,010	55,226
Costs of Goods Sold	2,493	3,138	-	-	-	-	-	-	2,493	3,138
Education	26,680	19,168	1,428	1,443	-	-	1,428	1,443	28,108	20,611
Food	50,433	44,078	-	-	-	-	-	-	50,433	44,078
Household Supplies	33,154	26,634	-	-	-	-	-	-	33,154	26,634
Interest	3,587	-	-	-	-	-	-	-	3,587	-
Insurance	93,728	85,469	7,652	7,238	1,368	1,303	9,020	8,541	102,748	94,010
Marketing	-	-	-	-	5,885	9,443	5,885	9,443	5,885	9,443
Medical Supplies	9,754	30,566	62	112	96	84	158	196	9,912	30,762
Meetings	13,840	8,654	11,294	37,418	1,287	934	12,581	38,352	26,421	47,006
Miscellaneous	26,594	4,914	16,687	5,688	8	100	16,695	5,788	43,289	10,702
Office	5,953	5,762	2,887	3,076	171	279	3,058	3,355	9,011	9,117
Personal Resident	16,406	14,360	-	-	-	-	-	-	16,406	14,360
Postage	395	307	195	1,087	3,425	3,917	3,620	5,004	4,015	5,311
Printing	-	-	1,339	402	11,473	16,698	12,812	17,100	12,812	17,100
Professional Fees	65,754	61,745	70,283	48,510	10,746	11,204	81,029	59,714	146,783	121,459
Rent	959,977	975,483	-	-	-	-	-	-	959,977	975,483
Repairs and Maintenance	196,926	229,649	568	3,492	311	1,188	879	4,680	197,805	234,329
Telephone and Cable	26,034	26,000	1,165	1,378	-	-	1,165	1,378	27,199	27,378
Transportation	16,942	11,941	1,087	76	-	89	1,087	165	18,029	12,106
Utilities	134,230	102,832	5,567	5,151	-	-	5,567	5,151	139,797	107,983
Water	74,222	64,586	2,151	2,104	-	-	2,151	2,104	76,373	66,690
Total Expenses before Depreciation of Property and Equipment	3,406,679	3,260,209	475,156	453,329	320,960	328,495	796,116	781,824	4,202,795	4,042,033
Depreciation of Property and Equipment	392,180	389,803	51,768	49,043	1,412	1,049	53,180	50,092	445,360	439,895
Total Expenses	$ 3,798,859	$ 3,650,012	$ 526,924	$ 502,372	$ 322,372	$ 329,544	$ 849,296	$ 831,916	$ 4,648,155	$ 4,481,928
Percentage to Total	81.8%	81.4%	11.3%	11.2%	6.9%	7.4%	18.2%	18.6%	100.0%	100.0%

(See Independent Auditors' Report and Accompanying Notes)

	2023	2022
OPERATING ACTIVITIES		
Change in Net Assets	$ (57,613)	$ (787,573)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	445,360	439,895
Net Realized and Unrealized (Gain) Loss on Investments	(211,461)	562,567
Net Changes in:		
Fees Receivable	63,889	(179,087)
Grants Receivable	(32,712)	(89,376)
Other Receivables	31,337	2,324
Prepaid Expenses	(16,516)	(6,890)
Security Deposits	(17,941)	(491)
Other Assets	(59,347)	(20,888)
Accounts Payable and Accrued Expenses	(93,430)	(38,804)
Deferred Revenue	(305)	(23,897)
Net Cash Provided by (Used In) Operating Activities	51,261	(142,220)
INVESTING ACTIVITIES		
Purchase of Property and Equipment	(428,322)	(112,766)
Purchase of Investments	(2,148,776)	(871,366)
Proceeds from Sales of Investments	2,335,777	1,051,870
Net Cash (Used in) Provided by Investing Activities	(241,321)	67,738
FINANCING ACTIVITY		
Repayments of Long-Term Debt	(27,240)	(26,185)
Net Proceeds from Line of Credit	250,000	-
Net Cash Provided by (Used in) Financing Activities	222,760	(26,185)
Net Change in Cash and Cash Equivalents	32,700	(100,667)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH – BEGINNING OF YEAR	376,262	476,929
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH – END OF YEAR	$ 408,962	$ 376,262

(See Independent Auditors' Report and Accompanying Notes)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Marian House, Inc. (Marian House) is a not-for-profit voluntary social services, health, and welfare organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code whose mission is to provide support for women and children in crisis. Marian House was started as a joint project by the School Sisters of Notre Dame and Sisters of Mercy. Marian House provides supportive housing, counseling, substance abuse treatment, case management, education, and employment programs for women experiencing homelessness in the Baltimore metropolitan area.

Population Served

Marian House serves women and their families of all races, colors, and creeds who have the potential to move from dependence to independence. The histories of these women routinely include any or all of the following elements: homelessness, childhood and adult sexual abuse, domestic violence, substance use, chronic mental illness, incarceration, and other forms of trauma.

Program Services

Marian House I, the transitional residential substance abuse treatment program, provides shelter; daily living assistance; personal counseling; job readiness training; basic educational opportunities, including GED mentoring; drug/alcohol screening; a financial assistance and savings program; and a structured, supportive, and loving community.

Marian House II, the follow-up program, provides a gentle next step for women. Residents still receive support services from the program while enjoying more flexibility in daily structure and taking on greater responsibility for their daily needs.

Marian House III offers subsidized permanent housing through the U.S. Department of Housing and Urban Development (HUD) Shelter Plus Care Program (S+C). S+C provides housing and case management focused on service plans that include receiving supportive services, as needed, and setting and monitoring short- and long-term goals to accomplish Marian House's mission of "moving women from dependence to independence." Under the Marian House III program, Marian House enters into short-term operating leases for residential housing to provide permanent housing for eligible residents. Total rent expense under these operating leases was $816,172 and $689,108 for the years ended June 30, 2023 and 2022, respectively.

Marian House also manages a 19-unit low-income project named Serenity Place, which provides permanent housing to the Marian House III program. Marian House prorates the

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fee Marian House II and III residents pay based on their financial situation, using state and local funding source guidelines. The S+C grants function as housing subsidies to supplement the amount paid by the residents. Fee income from Marian House II and III residents (other than Serenity Place) was $140,577 and $127,952 for the years ended June 30, 2023 and 2022, respectively, and is included in the Consolidated Statements of Activities as resident fees.

Independence Enterprises I, LLC (IE I), Independence Enterprises II, LLC (IE II) and Independence Enterprises III, LLC (IE III) are wholly owned by Marian House and were formed to purchase and renovate the former school, convent, and rectory, respectively, of the Blessed Sacrament Parish in Baltimore. IE I manages and maintains the 22-unit apartment building in the former school that provides permanent housing to homeless women and families. IE II and IE III serve as the headquarters to the Family Transitional program. The program offers transitional housing and supportive services to women for a maximum of 12 months while they work with case managers and a child therapist to learn the life skills necessary for independence.

Marian House expanded its operations during the fiscal year ended June 30, 2020 to include an additional limited liability company, which is also wholly owned by Marian House, named IE at The Alameda LLC (Alameda). Alameda was formed to purchase and manage homes that will provide permanent housing in its Affordable Housing Program. As of June 30, 2021, Alameda owned three homes in the community that provide housing for women and children. Marian House graduates in need of housing at affordable rates will be eligible to apply for housing in one of these buildings. It is expected that some residents will qualify for subsidized housing, but for those who do not qualify, they may be approved to move in at a below market rate.

In June 2020, Marian House acquired the Women's Industrial Exchange and, subsequently, formed another limited liability company named MH at the WIE LLC (WIE). WIE will allow for Marian House to expand its operations and continue its mission of helping women while preserving and protecting the long history of the Women's Industrial Exchange. WIE is responsible for operating and maintaining the five-story building listed on the National Register of Historic Places in downtown Baltimore that includes retail spaces that could be used as a gift shop and restaurant along with seven apartment units on the upper floors. The seven units available in this building will be utilized for market-rate and subsidized permanent housing as well as affordable housing.

In June 2021, Marian House acquired a multiple unit apartment building located at 111 East 23rd Street and, subsequently, formed another limited liability company named MH AT 111, LLC (111). 111 will further Marian's House mission of providing affordable, often subsidized, housing in a structured, supportive, and loving community.

In July 2021, Marian House formed BB at MH LLC (BB), a social enterprise and workforce development program providing job experience and business skills to Marian House women as they design, produce, and sell gift baskets.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Marian House, Inc. and its subsidiaries, IE I, IE II, IE III, Alameda, WIE, 111, and BB (collectively referred to as the Organization). All significant interorganization transactions and balances were eliminated in consolidation.

ACCOUNTING STANDARDS CODIFICATION

All references in the consolidated financial statements to the Codification refer to the Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles (GAAP) issued by the Financial Accounting Standards Board. The Codification is the single source of authoritative GAAP in the United States.

BASIS OF PRESENTATION

The consolidated financial statements were prepared on the accrual basis of accounting in accordance with GAAP. Under the accrual basis of accounting, support and revenue are recorded when earned, and expenses are recorded when incurred. Net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash. The Organization considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

(See Independent Auditors' Report)

FEES, GRANTS, AND OTHER RECEIVABLES

The Organization records grants and other receivables at cost less an allowance for doubtful accounts, which is based on management's assessment of uncollectible amounts of fees, grants, and other receivables. As of July 1, 2021, fees receivable totaled $256,118.

INVESTMENTS

Investments are stated at fair value. Changes in the fair value are recorded as unrealized gains and losses, which are reflected in the Consolidated Statements of Activities during the period in which the changes occur. Realized gains and losses are also reflected in the Consolidated Statements of Activities during the period when the investments are sold. See Note 3 for a discussion of fair value measurements.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Expenditures for property and equipment in excess of $5,000 are capitalized. Depreciation is determined using the straight-line method over the estimated useful lives of the related assets.

REVENUE RECOGNITION

Revenue from fees for services and grants is recognized as the related services are performed. Revenue from pledges and contributions is recognized when an unconditional promise to give is made.

SUPPORT AND EXPENSES

The Organization prepares its consolidated financial statements in accordance with the Presentation of Financial Statements for Not-For-Profit Entities and the Revenue Recognition for Not-For-Profit Entities Topics of the Codification. As such, contributions received and unconditional promises to give are measured at their fair values and reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Permanent endowments are restricted to investments in perpetuity. The income or loss in excess of donor-imposed restrictions from these investments is included as net assets without donor restrictions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

DONATED SERVICES

A substantial number of volunteers donated significant amounts of time to the Organization. No amounts are recognized in the accompanying Consolidated Statements of Activities because the services do not meet the criteria for recognition.

INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Internal Revenue Service determined the Organization is not a private foundation within the meaning of Section 509(a) of the Code.

The Organization follows the provisions of Accounting for Uncertainty in Income Taxes under the Income Taxes Topic of the Codification. The Codification requires the Organization's evaluation of tax positions, which include maintaining its tax-exempt status and the taxability of any unrelated business income, and does not allow recognition of tax positions, which do not meet a "more-likely-than-not" threshold of being sustained by the applicable tax authority. Management does not believe it took any tax positions that would not meet this threshold.

NOTE 2 RESTRICTED CASH

The Organization holds the residents' funds, which are returned to the residents upon completion of the program.

NOTE 3 INVESTMENTS

Investments at June 30, 2023 and 2022 consisted of the following:

	2023	2022
Cash and Cash Equivalents	$ 567,676	$ 179,961
Mutual Funds	2,271,369	1,773,357
Equity Securities	-	722,127
Corporate Bonds	-	36,500
U.S. Government and Agency Securities	-	102,640
Total Investments at Fair Value	$ 2,839,045	$ 2,814,585
Total Investments at Cost	$ 2,731,562	$ 2,691,098

(See Independent Auditors' Report)

The Fair Value Measurements and Disclosures Topic of the Codification establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

Quoted prices for identical or similar assets or liabilities in inactive markets;

Inputs other than quoted prices that are observable for the asset or liability;

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Below are descriptions of the valuation methodologies used for assets measured at fair value. There were no changes in the methodologies used at June 30, 2023 and 2022.

Mutual Funds: Valued at the net asset value (NAV) of shares held at year end. NAV is a quoted price in an active market.

Equity Securities: Valued at quoted prices in an active market.

U.S. Government and Agency Securities and Corporate Bonds: Valued using inputs such as benchmark yields, reported trades, broker/dealer quotes, and issuer spreads.

(See Independent Auditors' Report)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following sets forth by level, within the fair value hierarchy, the Organization's investments for the years ended June 30, 2023 and 2022:

	2023		
	Level 1	**Level 2**	**Total**
Cash and Cash Equivalents	$ 567,676	$ -	$ 567,676
Mutual Funds:			
Fixed Income	944,806	-	944,806
Equity	1,326,563	-	1,326,563
	2,271,369	-	2,271,369
Investments, at Fair Value	$ 2,839,045	$ -	$ 2,839,045

	2022		
	Level 1	**Level 2**	**Total**
Cash and Cash Equivalents	$ 179,961	$ -	$ 179,961
Mutual Funds:			
Emerging Markets	161,637	-	161,637
Fixed Income	773,361	-	773,361
International	208,913	-	208,913
Domestic	629,446	-	629,446
	1,773,357	-	1,773,357
Equity Securities:			
Communication Services	37,502		37,502
Consumer Discretionary	40,588	-	40,588
Consumer Staples	13,438	-	13,438
Energy	8,115	-	8,115
Financial	213,415	-	213,415
Health Care	17,581	-	17,581

(See Independent Auditors' Report)

	2022		
	Level 1	**Level 2**	**Total**
Industrials	21,222	-	21,222
Information Technology	66,554	-	66,554
Materials	2,099	-	2,099
Utilities	9,927		9,927
Equities Blend	291,686	-	291,686
	722,127	-	722,127
Fixed Income:			
Corporate Bonds	-	36,500	36,500
U.S. Agency Securities	11,137	-	11,137
U.S. Treasury Securities	91,503	-	91,503
	102,640	36,500	139,140
Investments, at Fair Value	$ 2,778,085	$ 36,500	$ 2,814,585

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2023 and 2022 consisted of the following:

	2023	**2022**
Construction in Progress	$ -	$ 6,756
Land	257,019	218,844
Building and Building Improvements	14,619,895	14,260,721
Furniture, Fixtures, and Equipment	399,881	455,112
Vehicles	57,240	57,240
	15,334,035	14,998,673
Less: Accumulated Depreciation and Amortization	4,509,029	4,156,629
Property and Equipment, Net	$ 10,825,006	$ 10,842,044

Depreciation expense for the years ended June 30, 2023 and 2022 was $445,360 and $439,895 respectively.

(See Independent Auditors' Report)

NOTE 5 LONG-TERM DEBT

Long-term debt at June 30, 2023 and 2022 consisted of:

	2023	2022
Note Payable, non-interest bearing, principal payments indefinitely deferred (a)	$ 500,501	$ 500,501
Mortgage Payable, due in monthly installments of $3,781 including interest at 3.75% through June 2031; collateralized by the property	464,575	491,815
Total Long-Term Debt	$ 965,076	$ 992,316

(a) This note is payable to the Maryland Department of Housing and Community Development (DHCD) and is subject to provisions in the agreement. Annual principal payments contingent on the availability of surplus cash from the operation of the building up to $12,513 will be deferred until the sooner of 1) an event of default under the loan agreement, at which time all outstanding principal becomes due, or 2) August 2058.

Future principal payments on long-term debt are as follows:

Year Ending June 30,	2024	$ 28,452
	2025	29,537
	2026	30,664
	2027	31,834
	2028	33,049
	Thereafter	811,540
		$ 965,076

NOTE 6 NET ASSETS

BOARD-DESIGNATED FUNDS

The Board of Directors established three separate reserve funds to help plan for the future. These are the Capital Replacement Reserve Fund, the Alumnae Education Fund, and the Fund for Organizational Expansion.

The Capital Replacement Reserve Fund was established for anticipated capital replacement costs. A committee of the Board of Directors reviews the needs of the program and the condition of the facilities and makes recommendations to the Board.

(See Independent Auditors' Report)

The Alumnae Education Fund was established to provide assistance to alumnae of the Marian House program who wish to pursue their education. The finance committee reviews the status of the fund and may allocate specific amounts that can be used for education of former residents.

The Fund for Organizational Expansion was established to expand the Organization's permanent housing inventory as part of the new strategic plan. A committee of the Board of Directors assesses the financial impact that the acquisitions to expand the permanent housing inventory will have on the Organization and provides recommendations to the Board.

The Board, with a two-thirds majority vote, may undesignate any previously Board-designated funds for use by the Organization for any purpose. The following is a summary of the Board-designated funds:

	Capital Replacement Reserve Fund	Alumnae Education Fund	Fund for Organizational Expansion	Total
Balance at July 1, 2021	$ 409,963	$ 114,723	$ 576,332	$ 1,101,018
Designation of Expansion Fund	-	-	-	-
Release of Expansion Fund	-	-	-	-
Investment Income Allocation	(70,940)	(23,286)	(99,729)	(193,955)
Balance at June 30, 2022	339,023	91,437	476,603	907,063
Designation of Expansion Fund	-	-	-	-
Release of Expansion Fund	-	-	(168,395)	(168,395)
Investment Income Allocation	33,581	9,057	47,208	89,846
Balance at June 30, 2023	$ 372,604	$ 100,494	$ 355,416	$ 828,514

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2023 and 2022 were restricted for the following purposes:

	2023	2022
Subject to Expenditure for Specified Purposes:		
Operations for Future Period	$ 330,000	177,000
Other	1,722	18,521
Subject to Organization's Spending Policy and Appropriation:		
Investment in Perpetuity	19,845	19,845
	$ 351,567	$ 215,366

The Organization's permanent endowment is known as the Asta Gauvey/Sr. Augusta Education Fund. This donor-restricted fund is set aside to establish a permanent endowment and serves as seed money that will generate income to support the education programs of the Organization. This fund was established through the generous donation of two donors. Susan Gauvey, Board Chair (1991–2011), made a donation in honor of her mother Asta Gauvey. Sr. Augusta Reilly R.S.M., former Executive Director of Marian House (1987–2003), donated additional funds upon her retirement. These permanently restricted funds allow for the spending of the investment income generated by the endowment at the discretion of management for the education of current or former residents.

NOTE 7 LINE OF CREDIT

In October 2022, the Organization established a line of credit agreement with a bank using the investment portfolio as collateral. The value of the line of credit fluctuates as a function of the value of the portfolio. As of June 30, 2023, the Organization had availability of $1,000,000. The line of credit bears interest at a variable rate. The balance as of June 30, 2023 was $250,000.

NOTE 8 RETIREMENT AND EMPLOYEE SAVINGS PLAN

The Organization participates in a tax-deferred annuity plan under Internal Revenue Code Section 403(b) through the Christian Brothers' 403(b) plan. Participants may elect to contribute to the Christian Brothers' 403(b) plan up to amounts prescribed by Internal Revenue Code Sections 403(b), 403(g), and 415. The Organization contributes an amount equal to 5% of participants' eligible compensation to the plan for those participants who complete a year of service and work a minimum of 24 hours per week. The Organization contributed $65,076 and $64,904 for the years ended June 30, 2023 and 2022, respectively.

(See Independent Auditors' Report)

The Organization also makes discretionary retirement savings contributions of 12.65% of religious-affiliated employees' eligible compensation. This is due to religious-affiliated employees not being eligible for social security and Medicare benefits nor being able to participate in the Christian Brothers' 403(b) plan. The Organization contributed $2,121 and $4,060 for the years ended June 30, 2023 and 2022, respectively.

NOTE 9 SERENITY PLACE

As discussed in Note 1, the Organization manages Serenity Place under a management agreement with Marian House II Limited Partnership (MHLP). The Organization indirectly owns 0.003% of MHLP. The Organization receives reimbursements for certain expenses and a management fee based on rents collected.

NOTE 10 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's financial assets available to meet cash needs for general expenditures within one year of the Consolidated Statements of Financial Position date were as follows:

	2023	2022
Cash and Cash Equivalents	$ 382,471	$ 335,726
Investments	2,839,045	2,814,585
Receivables	551,884	614,398
Total Financial Assets	3,773,400	3,764,709
Contractual or Donor-Imposed Restrictions:		
Endowment Funds	(19,845)	(19,845)
Donor Contributions Restricted to Specific Purposes	(1,722)	(18,521)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year before Board Designations	3,751,833	3,726,343
Board-Designated Operating Reserves	(828,514)	(907,063)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year after Board Designations	$ 2,923,319	$ 2,819,280

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term

(See Independent Auditors' Report)

investments. The Organization has Board-designated net assets without donor restrictions that could be made available for current operations if necessary.

NOTE 11 SUBSEQUENT EVENTS

The Organization evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through November 20, 2023, the date the consolidated financial statements were available to be issued.

NOTE 12 PRIOR PERIOD ADJUSTMENT

Certain errors resulting in a net understatement of previously reported receivables and revenue were discovered during the current year. Accordingly, an adjustment of $116,200 was made to increase receivables and revenue for the year ended June 30, 2022. In addition, net assets as of July 1, 2022 were reduced by $39,235 for the effect of the correction on prior years.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Marian House, Inc.

We audited the consolidated financial statements of Marian House, Inc. and Subsidiaries as of and for the year ended June 30, 2023, and our report thereon dated November 20, 2023, which expressed an unmodified opinion on those consolidated financial statements, appears on Pages 1 - 3. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on Pages 22 - 24 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information was subjected to the auditing procedures applied in the audit of the consolidated financial statements and to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other 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 consolidated financial statements as a whole.

Ellin & Tucker

ELLIN & TUCKER
Certified Public Accountants

Baltimore, Maryland
November 20, 2023

	Marian House, Inc. and BB at MH LLC	Independence Enterprises (IE I)	Independence Enterprises (IE II, IE III, and Alameda)	MH at the WIE LLC	MH at 111, LLC	Subtotal	Eliminations	Consolidated
ASSETS								
Cash and Cash Equivalents	$ 322,665	$ 27,605	$ 11,053	$ 9,676	$ 11,472	$ 382,471	$ -	$ 382,471
Restricted Cash	26,491	-	-	-	-	26,491	-	26,491
Investments	2,839,045	-	-	-	-	2,839,045	-	2,839,045
Fees Receivable	371,316	-	-	-	-	371,316	-	371,316
Grants Receivable	125,000	-	-	-	-	125,000	-	125,000
Other Receivables	281,042	684	3,772	10,450	(2,225)	293,723	(238,155)	55,568
Prepaid Expenses	81,276	-	-	-	5,915	87,191	-	87,191
Other Assets	92,756	38,866	1,352	40,262	500	173,736	-	173,736
Property and Equipment, Net	2,571,020	4,782,141	2,234,182	768,568	879,829	11,235,740	(410,734)	10,825,006
Total Assets	$ 6,710,611	$ 4,849,296	$ 2,250,359	$ 828,956	$ 895,491	$ 15,534,713	$ (648,889)	$ 14,885,824
LIABILITIES								
Accounts Payable and Accrued Expenses	$ 213,001	$ 33,513	$ 156,935	$ 45,089	$ 7,016	$ 455,554	$ (226,762)	$ 228,792
Deferred Revenue	47,304	-	-	-	-	47,304	-	47,304
Security Deposits and Funds Held for Residents	26,491	9,512	5,427	6,438	6,387	54,255	-	54,255
Line of Credit	250,000	-	-	-	-	250,000	-	250,000
Long-Term Debt	-	500,501	-	-	464,575	965,076	-	965,076
Total Liabilities	536,796	543,526	162,362	51,527	477,978	1,772,189	(226,762)	1,545,427
NET ASSETS								
Without Donor Restrictions:								
Undesignated Net Assets	4,993,734	4,305,770	2,087,997	777,429	417,513	12,582,443	(422,127)	12,160,316
Board-Designated Net Assets	828,514	-	-	-	-	828,514	-	828,514
	5,822,248	4,305,770	2,087,997	777,429	417,513	13,410,957	(422,127)	12,988,830
With Donor Restrictions	351,567	-	-	-	-	351,567	-	351,567
Total Net Assets	6,173,815	4,305,770	2,087,997	777,429	417,513	13,762,524	(422,127)	13,340,397
Total Liabilities and Net Assets	$ 6,710,611	$ 4,849,296	$ 2,250,359	$ 828,956	$ 895,491	$ 15,534,713	$ (648,889)	$ 14,885,824

(See Independent Auditors' Report on Supplementary Information)

	Marian House, Inc. and BB at MH LLC			Independence Enterprises (IE I)		Independence Enterprises (IE II, IE III, and Alameda)		MH at the WIE LLC			MH at 111, LLC				
	Without Donor Restrictions	With Donor Restrictions	Subtotal	Without Donor Restrictions	Subtotal	Without Donor Restrictions	Subtotal	Without Donor Restrictions	With Donor Restrictions	Subtotal	Without Donor Restrictions	With Donor Restrictions	Subtotal	Eliminations	Consolidated
REVENUE AND SUPPORT															
Contributions and Non-Government Grants	$ 570,243	$ 721,249	$ 1,291,492	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 180,638	$ 180,638	$ (271,838)	$ 1,200,292
Fees and Grants from Federal Government Sources	1,328,381	-	1,328,381	236,245	236,245	-	-	-	-	-	7,595	-	7,595	-	1,572,221
Fees and Grants from Non-Federal Government Sources	896,790	-	896,790	-	-	-	-	-	-	-	-	-	-	-	896,790
Management Fees	59,731	-	59,731	-	-	-	-	-	-	-	-	-	-	(41,920)	17,811
Resident Fees	223,291	-	223,291	81,867	81,867	98,609	98,609	64,847	-	64,847	47,873	-	47,873	-	516,487
Special Events, Net of Direct Expenses of $32,876	112,996	-	112,996	-	-	-	-	-	-	-	-	-	-	-	112,996
Other Income (Expense)	6,440	-	6,440	(65)	(65)	(12,470)	(12,470)	(332)	-	(332)	(4,743)	-	(4,743)	-	(11,170)
	3,197,872	721,249	3,919,121	318,047	318,047	86,139	86,139	64,515	-	64,515	50,725	180,638	231,363	(313,758)	4,305,427
Net Assets Released from Restrictions	585,048	(585,048)	-	-	-	-	-	-	-	-	180,638	(180,638)	-	-	-
Total Revenue and Support	3,782,920	136,201	3,919,121	318,047	318,047	86,139	86,139	64,515	-	64,515	231,363	-	231,363	(313,758)	4,305,427
EXPENSES															
Program	3,258,171	-	3,258,171	428,710	428,710	213,643	213,643	111,943	-	111,943	72,442	-	72,442	(286,050)	3,798,859
General and Administrative	408,653	-	408,653	88,387	88,387	16,609	16,609	20,135	-	20,135	36,640	-	36,640	(43,500)	526,924
Fundraising	322,372	-	322,372	-	-	-	-	-	-	-	-	-	-	-	322,372
Total Expenses	3,989,196	-	3,989,196	517,097	517,097	230,252	230,252	132,078	-	132,078	109,082	-	109,082	(329,550)	4,648,155
Change in Net Assets before Non-Operating Activities	(206,276)	136,201	(70,075)	(199,050)	(199,050)	(144,113)	(144,113)	(67,563)	-	(67,563)	122,281	-	122,281	15,792	(342,728)
NON-OPERATING ACTIVITIES															
Investment Income, Net of Investment Fees of $15,478	72,918	-	72,918	-	-	-	-	736	-	736	-	-	-	-	73,654
Net Realized and Unrealized Loss on Investments	208,294	-	208,294	-	-	-	-	3,167	-	3,167	-	-	-	-	211,461
Total Non-Operating Activities	281,212	-	281,212	-	-	-	-	3,903	-	3,903	-	-	-	-	285,115
Change in Net Assets	74,936	136,201	211,137	(199,050)	(199,050)	(144,113)	(144,113)	(63,660)	-	(63,660)	122,281	-	122,281	15,792	(57,613)
NET ASSETS – BEGINNING OF YEAR	5,747,312	215,366	5,962,678	4,504,820	4,504,820	2,232,110	2,232,110	841,089	-	841,089	295,232	-	295,232	(437,919)	13,398,010
NET ASSETS – END OF YEAR	$ 5,822,248	$ 351,567	$ 6,173,815	$ 4,305,770	$ 4,305,770	$ 2,087,997	$ 2,087,997	$ 777,429	$ -	$ 777,429	$ 417,513	$ -	$ 417,513	$ (422,127)	$ 13,340,397

(See Independent Auditors' Report on Supplementary Information)

Cash and Cash Equivalents	$ 27,605
Less: Total Current Obligations:	
Accounts Payable	9,056
Accrued Expenses	24,640
Security Deposit Liability	9,512
Total Current Obligations	43,208
Cash Deficit	$ (15,603)

(See Independent Auditors' Report on Supplementary Information)