ELLIN & TUCKER

MARIAN HOUSE, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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, 2024 and 2023, 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, 2024 and 2023 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.

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.

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.

OTHER REPORTING REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

In accordance with *Government Auditing Standards*, we also issued our report dated October 2, 2024 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
October 2, 2024

ASSETS

	2024	2023
ASSETS		
Cash and Cash Equivalents	$ 647,015	$ 382,471
Restricted Cash (Note 2)	32,428	26,491
Investments (Note 3)	4,872,078	2,839,045
Fees Receivable	245,092	371,316
Grants Receivable	274,087	125,000
Other Receivables	117,838	55,568
Prepaid Expenses	77,012	87,191
Other Assets	193,109	173,736
Property and Equipment, Net (Note 4)	10,417,253	10,825,006
Total Assets	$ 16,875,912	$ 14,885,824

LIABILITIES AND NET ASSETS

	2024	2023
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 225,091	$ 228,792
Deferred Revenue	35,442	47,304
Security Deposits and Funds Held for Residents	62,058	54,255
Line of Credit (Note 7)	-	250,000
Long-Term Debt (Note 5)	937,020	965,076
Total Liabilities	1,259,611	1,545,427
NET ASSETS (Note 6)		
Without Donor Restrictions:		
Undesignated Net Assets	14,179,330	12,160,316
Board-Designated Net Assets	531,317	828,514
	14,710,647	12,988,830
With Donor Restrictions	905,654	351,567
Total Net Assets	15,616,301	13,340,397
Total Liabilities and Net Assets	$ 16,875,912	$ 14,885,824

(See Independent Auditors' Report and Accompanying Notes)

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions and Non-Government Grants	$ 2,432,194	$ 1,115,271	$ 3,547,465	$ 298,405	$ 901,887	$ 1,200,292
Fees and Grants From Federal Government Sources	1,770,956	-	1,770,956	1,572,221	-	1,572,221
Fees and Grants From Non-Federal Government Sources	852,555	-	852,555	896,790	-	896,790
Management Fees (Note 9)	14,928	-	14,928	17,811	-	17,811
Resident Fees	526,218	-	526,218	516,487	-	516,487
Special Events, Net of Direct Expenses of $33,466 and $31,876, Respectively	122,352	-	122,352	112,996	-	112,996
Other	926	-	926	(11,170)	-	(11,170)
	5,720,129	1,115,271	6,835,400	3,403,540	901,887	4,305,427
Net Assets Released From Restrictions	561,184	(561,184)	-	765,686	(765,686)	-
Total Revenue and Support	6,281,313	554,087	6,835,400	4,169,226	136,201	4,305,427
EXPENSES						
Program	3,917,007	-	3,917,007	3,798,859	-	3,798,859
General and Administrative	604,364	-	604,364	526,924	-	526,924
Fundraising	360,910	-	360,910	322,372	-	322,372
Total Expenses	4,882,281	-	4,882,281	4,648,155	-	4,648,155
Change in Net Assets Before Non-Operating Activities	1,399,032	554,087	1,953,119	(478,929)	136,201	(342,728)
NON-OPERATING ACTIVITIES						
Investment Income, Net of Investment Fees of $21,234 and $15,748, Respectively	134,684	-	134,684	73,654	-	73,654
Net Realized and Unrealized Gain on Investments	188,101	-	188,101	211,461	-	211,461
Total Non-Operating Activities	322,785	-	322,785	285,115	-	285,115
Change in Net Assets	1,721,817	554,087	2,275,904	(193,814)	136,201	(57,613)
NET ASSETS – BEGINNING OF YEAR	12,988,830	351,567	13,340,397	13,182,644	215,366	13,398,010
NET ASSETS – END OF YEAR	$ 14,710,647	$ 905,654	$ 15,616,301	$ 12,988,830	$ 351,567	$ 13,340,397

(See Independent Auditors' Report and Accompanying Notes)

	Program Services		Supporting Services						Total Expenses	
			General and Administrative		Fundraising		Total			
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Salaries	$ 1,243,856	$ 1,301,619	$ 271,333	$ 276,661	$ 275,458	$ 238,602	$ 546,791	$ 515,263	$ 1,790,647	$ 1,816,882
Payroll Taxes and Employee Benefits	285,864	271,722	48,014	56,853	46,458	44,448	94,472	101,301	380,336	373,023
Total Salaries and Related Expenses	1,529,720	1,573,341	319,347	333,514	321,916	283,050	641,263	616,564	2,170,983	2,189,905
Bank Fees	1,372	1,388	7,321	6,739	623	227	7,944	6,966	9,316	8,354
Bad Debt	4,407	17,289	-	-	-	-	-	-	4,407	17,289
Contractual Services	63,375	57,559	22,354	12,538	5,019	2,913	27,373	15,451	90,748	73,010
Costs of Goods Sold	173	2,493	-	-	-	-	-	-	173	2,493
Education	22,775	26,680	1,060	1,428	1,420	-	2,480	1,428	25,255	28,108
Food	46,157	50,433	-	-	828	-	828	-	46,985	50,433
Household Supplies	59,674	33,154	-	-	-	-	-	-	59,674	33,154
Interest	3,322	3,587	-	-	-	-	-	-	3,322	3,587
Insurance	115,009	93,728	9,243	7,652	1,960	1,368	11,203	9,020	126,212	102,748
Marketing	-	-	-	-	5,092	5,885	5,092	5,885	5,092	5,885
Medical Supplies	7,083	9,754	264	62	67	96	331	158	7,414	9,912
Meetings	7,363	13,840	12,772	11,294	407	1,287	13,179	12,581	20,542	26,421
Miscellaneous	16,221	26,594	25,386	16,687	409	8	25,795	16,695	42,016	43,289
Office	4,128	5,953	3,038	2,887	239	171	3,277	3,058	7,405	9,011
Personal Resident	28,059	16,406	-	-	-	-	-	-	28,059	16,406
Postage	379	395	238	195	1,919	3,425	2,157	3,620	2,536	4,015
Printing	24	-	863	1,339	5,966	11,473	6,829	12,812	6,853	12,812
Professional Fees	90,707	65,754	137,451	70,283	13,587	10,746	151,038	81,029	241,745	146,783
Rent	1,068,702	959,977	-	-	-	-	-	-	1,068,702	959,977
Repairs and Maintenance	223,609	196,926	6,035	568	-	311	6,035	879	229,644	197,805
Telephone and Cable	27,833	26,034	1,218	1,165	-	-	1,218	1,165	29,051	27,199
Transportation	8,789	16,942	666	1,087	84	-	750	1,087	9,539	18,029
Utilities	111,317	134,230	5,098	5,567	-	-	5,098	5,567	116,415	139,797
Water	82,203	74,222	1,974	2,151	-	-	1,974	2,151	84,177	76,373
Total Expenses Before Depreciation of Property and Equipment	3,522,401	3,406,679	554,328	475,156	359,536	320,960	913,864	796,116	4,436,265	4,202,795
Depreciation of Property and Equipment	394,606	392,180	50,036	51,768	1,374	1,412	51,410	53,180	446,016	445,360
Total Expenses	$ 3,917,007	$ 3,798,859	$ 604,364	$ 526,924	$ 360,910	$ 322,372	$ 965,274	$ 849,296	$ 4,882,281	$ 4,648,155
Percentage to Total	80.2%	81.8%	12.4%	11.3%	7.4%	6.9%	19.8%	18.2%	100.0%	100.0%

(See Independent Auditors' Report and Accompanying Notes)

	2024	2023
OPERATING ACTIVITIES		
Change in Net Assets	$ 2,275,904	$ (57,613)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	446,016	445,360
Net Realized and Unrealized Gain on Investments	(188,101)	(211,461)
Net Changes in:		
Fees Receivable	126,224	63,889
Grants Receivable	(149,087)	(32,712)
Other Receivables	(62,270)	31,337
Prepaid Expenses	10,179	(16,516)
Security Deposits	7,803	(17,941)
Other Assets	(19,373)	(59,347)
Accounts Payable and Accrued Expenses	(3,701)	(93,430)
Deferred Revenue	(11,862)	(305)
Net Cash Provided by Operating Activities	2,431,732	51,261
INVESTING ACTIVITIES		
Purchase of Property and Equipment	(38,263)	(428,322)
Purchase of Investments	(2,483,734)	(2,148,776)
Proceeds From Sales of Investments	638,802	2,335,777
Net Cash Used in Investing Activities	(1,883,195)	(241,321)
FINANCING ACTIVITIES		
Repayments of Long-Term Debt	(28,056)	(27,240)
Net (Repayment of) Proceeds From Line of Credit	(250,000)	250,000
Net Cash (Used in) Provided by Financing Activities	(278,056)	222,760
Net Change in Cash and Cash Equivalents	270,481	32,700
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH – BEGINNING OF YEAR	408,962	376,262
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH – END OF YEAR	$ 679,443	$ 408,962

(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 $892,113 and $816,172 for the years ended June 30, 2024 and 2023, 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 fee

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that 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 $121,446 and $140,577 for the years ended June 30, 2024 and 2023, 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.

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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 interorganizational 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 (FASB). The Codification is the single source of authoritative GAAP in the United States.

NEW ACCOUNTING STANDARD ADOPTION

In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13 – Financial Instruments – Credit Losses (Topic 326) to modify the model for recognizing credit losses on financial instruments not measured at fair value. The modified model requires the immediate recognition of credit losses on financial instruments based on an estimate of expected losses, replacing the incurred loss method under previous guidance. The Organization adopted the standard effective July 1, 2023. The adoption of ASU 2016-13 did not have a material impact on the Organization’s consolidated financial statements.

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.

FEES, GRANTS, AND OTHER RECEIVABLES

The Organization records grants and other receivables at cost less an allowance for credit losses, which is based on management's assessment of uncollectable amounts of fees, grants, and other receivables. As of July 1, 2022, fees receivable totaled $435,205.

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.

RECLASSIFICATIONS

Certain prior year amounts were reclassified to conform to the current year presentation.

SUBSEQUENT EVENTS

The Organization evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through October 2, 2024, the date the consolidated financial statements were available to be issued.

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, 2024 and 2023 consisted of the following:

	2024	2023
Cash and Cash Equivalents	$ 1,170,848	$ 567,676
Mutual Funds	3,701,230	2,271,369
Total Investments at Fair Value	$ 4,872,078	$ 2,839,045
Total Investments at Cost	$ 4,583,888	$ 2,731,562

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.

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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, 2024 and 2023.

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

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, 2024 and 2023:

	2024	**2023**
	Level 1 and Total	**Level 1 and Total**
Cash and Cash Equivalents	$ 1,170,848	$ 567,676
Mutual Funds:		
Fixed Income	1,457,912	944,806
Equity	2,243,318	1,326,563
	3,701,230	2,271,369
Investments, at Fair Value	$ 4,872,078	$ 2,839,045

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2024 and 2023 consisted of the following:

	2024	2023
Construction in Progress	$ 218,415	$ 180,151
Land	218,872	218,872
Building and Building Improvements	14,493,284	14,477,891
Furniture, Fixtures, and Equipment	384,488	399,881
Vehicles	57,240	57,240
	15,372,299	15,334,035
Less: Accumulated Depreciation and Amortization	4,955,046	4,509,029
Property and Equipment, Net	$ 10,417,253	$ 10,825,006

Depreciation expense for the years ended June 30, 2024 and 2023 was $446,016 and $445,360 respectively.

NOTE 5 LONG-TERM DEBT

Long-term debt at June 30, 2024 and 2023 consisted of:

	2024	2023
Note Payable, non-interest bearing, principal payments 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 (b)	436,519	464,575
Total Long-Term Debt	$ 937,020	$ 965,076

(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.
(b) Subsequent to year end, this mortgage was repaid in full using the proceeds of a restricted grant contribution.

(See Independent Auditors' Report)

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

Year Ending June 30,	2025	$	29,537
	2026		30,664
	2027		31,834
	2028		33,049
	2029		34,309
	Thereafter		777,627
		$	937,020

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.

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 fund was liquidated during the year ending June 30, 2024.

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

(See Independent Auditors' Report)

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, 2022	$ 339,023	$ 91,437	$ 476,603	$ 907,063
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
Release of Expansion Fund	-	-	(365,575)	(365,575)
Investment Income Allocation	42,351	15,868	10,159	68,378
Balance at June 30, 2024	$ 414,955	$ 116,362	$ -	$ 531,317

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2024 and 2023 were restricted for the following purposes:

	2024	2023
Subject to Expenditure for Specified Purposes:		
Operations for Future Period	$ 255,000	$ 330,000
Capital Funds	529,087	-
Other	101,722	1,722
Subject to Organization's Spending Policy and Appropriation:		
Investment in Perpetuity	19,845	19,845
	$ 905,654	$ 351,567

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),

(See Independent Auditors' Report)

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, 2024, 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. There was no balance as of June 30, 2024.

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 $65,878 and $65,076 for the years ended June 30, 2024 and 2023, respectively. 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 $854 and $2,121 for the years ended June 30, 2024 and 2023, 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. Effective July 1, 2024, the Organization and related entities were assigned ownership interests in MHLP that resulted in the Organization controlling 100% of the partnership interest in MHLP.

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:

	2024	2023
Cash and Cash Equivalents	$ 647,015	$ 382,471
Investments	4,872,078	2,839,045
Receivables	637,017	551,884
Total Financial Assets	6,156,110	3,773,400
Contractual or Donor-Imposed Restrictions:		
Endowment Funds	(19,845)	(19,845)
Donor Contributions Restricted to Specific Purposes	(630,809)	(1,722)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year Before Board Designations	5,505,456	3,751,833
Board-Designated Operating Reserves	(531,317)	(828,514)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year After Board Designations	$ 4,974,139	$ 2,923,319

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

(See Independent Auditors' Report)

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, 2024, and our report thereon dated October 2, 2024, 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 21 - 23 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 relates 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
October 2, 2024

	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	$ 574,547	$ 32,316	$ 14,903	$ 12,555	$ 12,694	$ 647,015	$ -	$ 647,015
Restricted Cash	32,428	-	-	-	-	32,428	-	32,428
Investments	4,872,078	-	-	-	-	4,872,078	-	4,872,078
Fees Receivable	245,092	-	-	-	-	245,092	-	245,092
Grants Receivable	274,087	-	-	-	-	274,087	-	274,087
Other Receivables	433,645	(1,780)	15,799	3,281	(98)	450,847	(333,009)	117,838
Prepaid Expenses	74,748	-	399	748	1,117	77,012	-	77,012
Other Assets	90,312	57,787	1,352	43,158	500	193,109	-	193,109
Property and Equipment, Net	2,439,848	4,579,523	2,156,608	779,292	856,926	10,812,197	(394,944)	10,417,253
Total Assets	$ 9,036,785	$ 4,667,846	$ 2,189,061	$ 839,034	$ 871,139	$ 17,603,865	$ (727,953)	$ 16,875,912
LIABILITIES								
Accounts Payable and Accrued Expenses	$ 219,420	$ 39,783	$ 183,195	$ 99,726	$ 4,584	$ 546,708	$ (321,617)	$ 225,091
Deferred Revenue	35,442	-	-	-	-	35,442	-	35,442
Security Deposits and Funds Held for Residents	32,428	10,515	5,525	7,202	6,388	62,058	-	62,058
Long-Term Debt	-	500,501	-	-	436,519	937,020	-	937,020
Total Liabilities	287,290	550,799	188,720	106,928	447,491	1,581,228	(321,617)	1,259,611
NET ASSETS								
Without Donor Restrictions:								
Undesignated Net Assets	7,312,524	4,117,047	2,000,341	732,106	423,648	14,585,666	(406,336)	14,179,330
Board-Designated Net Assets	531,317	-	-	-	-	531,317	-	531,317
	7,843,841	4,117,047	2,000,341	732,106	423,648	15,116,983	(406,336)	14,710,647
With Donor Restrictions	905,654	-	-	-	-	905,654	-	905,654
Total Net Assets	8,749,495	4,117,047	2,000,341	732,106	423,648	16,022,637	(406,336)	15,616,301
Total Liabilities and Net Assets	$ 9,036,785	$ 4,667,846	$ 2,189,061	$ 839,034	$ 871,139	$ 17,603,865	$ (727,953)	$ 16,875,912

(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	$ 2,477,567	$ 1,069,898	$ 3,547,465	$ -	$ -	$ -	$ -	$ 31,360	$ -	$ 31,360	$ -	$ 45,373	$ 45,373	$ (76,733)	$ 3,547,465
Fees and Grants From Federal Government Sources	1,516,503	-	1,516,503	243,293	243,293	-	-	-	-	-	11,160	-	11,160	-	1,770,956
Fees and Grants From Non-Federal Government Sources	852,555	-	852,555	-	-	-	-	-	-	-	-	-	-	-	852,555
Management Fees	57,047	-	57,047	-	-	-	-	-	-	-	-	-	-	(42,119)	14,928
Resident Fees	211,314	-	211,314	82,323	82,323	131,298	131,298	50,627	-	50,627	50,656	-	50,656	-	526,218
Special Events, Net of Direct Expenses of $33,466	122,352	-	122,352	-	-	-	-	-	-	-	-	-	-	-	122,352
Other Income (Expense)	1,186	-	1,186	146	146	(690)	(690)	284	-	284	-	-	-	-	926
	5,238,524	1,069,898	6,308,422	325,762	325,762	130,608	130,608	82,271	-	82,271	61,816	45,373	107,189	(118,852)	6,835,400
Net Assets Released From Restrictions	515,811	(515,811)	-	-	-	-	-	-	-	-	45,373	(45,373)	-	-	-
Total Revenue and Support	5,754,335	554,087	6,308,422	325,762	325,762	130,608	130,608	82,271	-	82,271	107,189	-	107,189	(118,852)	6,835,400
EXPENSES															
Program	3,197,985	-	3,197,985	429,258	429,258	198,034	198,034	114,564	-	114,564	68,110	-	68,110	(90,944)	3,917,007
General and Administrative	491,620	-	491,620	85,227	85,227	20,230	20,230	18,042	-	18,042	32,944	-	32,944	(43,699)	604,364
Fundraising	360,910	-	360,910	-	-	-	-	-	-	-	-	-	-	-	360,910
Total Expenses	4,050,515	-	4,050,515	514,485	514,485	218,264	218,264	132,606	-	132,606	101,054	-	101,054	(134,643)	4,882,281
Change in Net Assets Before Non-Operating Activities	1,703,820	554,087	2,257,907	(188,723)	(188,723)	(87,656)	(87,656)	(50,335)	-	(50,335)	6,135	-	6,135	15,791	1,953,119
NON-OPERATING ACTIVITIES															
Investment Income, Net of Investment Fees of $21,234	133,775	-	133,775	-	-	-	-	909	-	909	-	-	-	-	134,684
Net Realized and Unrealized Loss on Investments	183,998	-	183,998	-	-	-	-	4,103	-	4,103	-	-	-	-	188,101
Total Non-Operating Activities	317,773	-	317,773	-	-	-	-	5,012	-	5,012	-	-	-	-	322,785
Change in Net Assets	2,021,593	554,087	2,575,680	(188,723)	(188,723)	(87,656)	(87,656)	(45,323)	-	(45,323)	6,135	-	6,135	15,791	2,275,904
NET ASSETS – BEGINNING 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
NET ASSETS – END OF YEAR	$ 7,843,841	$ 905,654	$ 8,749,495	$ 4,117,047	$ 4,117,047	$ 2,000,341	$ 2,000,341	$ 732,106	$ -	$ 732,106	$ 423,648	$ -	$ 423,648	$ (406,336)	$ 15,616,301

(See Independent Auditors' Report on Supplementary Information)

Cash and Cash Equivalents	$ 32,316
Less: Total Current Obligations:	
Accounts Payable	12,151
Accrued Expenses	27,815
Security Deposit Liability	10,515
Total Current Obligations	50,481
Cash Deficit	$ (18,165)

(See Independent Auditors' Report on Supplementary Information)