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MARIAN HOUSE, INC.
FINANCIAL STATEMENTS
June 30, 2015 and 2014

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CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Marian House, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Marian House, Inc. (Organization) (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2015 and 2014 and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

INDEPENDENT AUDITORS' REPORT, CONTINUED

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

<u>Opinion</u>

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015 and 2014, 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.

<u>Other Reporting Required by *Government Auditing Standards*</u>

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2015, 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 compliance. That 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, Chartered

ELLIN & TUCKER, CHARTERED
Certified Public Accountants

Baltimore, Maryland
October 7, 2015

MARIAN HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

ASSETS

	2015	2014
ASSETS:		
Cash and Cash Equivalents	$ 829,739	$ 764,824
Restricted Cash (Note 2)	26,788	16,785
Investments (Note 3)	1,692,386	1,665,435
Fees Receivable	232,570	198,709
Grant and Other Receivables, Net of Allowance for Doubtful Accounts of $1,500	23,533	36,380
Prepaid Expenses	48,610	27,357
Other Assets	86,310	75,901
Property and Equipment, Net (Note 4)	3,139,870	2,972,288
Total Assets	$ 6,079,806	$ 5,757,679

LIABILITIES AND NET ASSETS

	2015	2014
LIABILITIES:		
Accounts Payable and Accrued Expenses	$ 274,745	$ 127,233
Deferred Revenue	114,176	66,571
Security Deposits and Funds Held for Residents	26,788	16,785
Total Liabilities	415,709	210,589
NET ASSETS (Note 5):		
Unrestricted:		
Undesignated Net Assets	4,917,782	4,567,775
Board Designated Net Assets	544,601	637,295
	5,462,383	5,205,070
Temporarily Restricted	181,869	322,175
Permanently Restricted	19,845	19,845
Total Net Assets	5,664,097	5,547,090
Total Liabilities and Net Assets	$ 6,079,806	$ 5,757,679

(See Independent Auditors' Report and Accompanying Notes)

MARIAN HOUSE, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2015 and 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT:								
Contributions and Non-Government Grants	$ 230,116	$ 572,409	$ -	$ 802,525	$ 284,351	$ 501,995	$ -	$ 786,346
Fees and Grants from Federal Government Sources	1,379,888	-	-	1,379,888	1,382,958	-	-	1,382,958
Fees and Grants from Non-Federal Government Sources	643,848	-	-	643,848	436,250	-	-	436,250
Serenity Place Management Fees (Note 7)	17,228	-	-	17,228	16,984	-	-	16,984
Resident Fees	190,718	-	-	190,718	158,963	-	-	158,963
Special Events, Net of Direct Expenses of $23,767 and $29,140	90,345	-	-	90,345	74,173	-	-	74,173
Other	399	-	-	399	1,401	-	-	1,401
	2,552,542	572,409	-	3,124,951	2,355,080	501,995	-	2,857,075
Net Assets Released from Restrictions	712,715	(712,715)	-	-	471,311	(471,311)	-	-
Total Revenue and Support	3,265,257	(140,306)	-	3,124,951	2,826,391	30,684	-	2,857,075
EXPENSES:								
Program	2,465,089	-	-	2,465,089	2,469,968	-	-	2,469,968
General and Administrative	312,358	-	-	312,358	253,232	-	-	253,232
Fundraising	257,857	-	-	257,857	214,082	-	-	214,082
Total Expenses	3,035,304	-	-	3,035,304	2,937,282	-	-	2,937,282
Change in Net Assets before Investment Income	229,953	(140,306)	-	89,647	(110,891)	30,684	-	(80,207)
INVESTMENT INCOME, NET OF INVESTMENT FEES OF $20,896 AND $15,009	34,260	-	-	34,260	24,942	-	-	24,942
NET REALIZED AND UNREALIZED (LOSS) GAIN ON INVESTMENTS	(6,900)	-	-	(6,900)	153,365	-	-	153,365
Change in Net Assets	257,313	(140,306)	-	117,007	67,416	30,684	-	98,100
NET ASSETS - BEGINNING OF YEAR	5,205,070	322,175	19,845	5,547,090	5,137,654	291,491	19,845	5,448,990
NET ASSETS - END OF YEAR	$ 5,462,383	$ 181,869	$ 19,845	$ 5,664,097	$ 5,205,070	$ 322,175	$ 19,845	$ 5,547,090

(See Independent Auditors' Report and Accompanying Notes)

MARIAN HOUSE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2015 and 2014

	Program Services		Supporting Services: General and Administrative		Supporting Services: Fundraising		Supporting Services: Total Supporting Services		Total Expenses	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Salaries	$ 828,885	$ 772,370	$ 182,396	$ 149,148	$ 190,036	$ 159,619	$ 372,432	$ 308,767	$ 1,201,317	$ 1,081,137
Payroll Taxes and Employee Benefits	171,754	157,283	30,728	24,253	32,665	28,563	63,393	52,816	235,147	210,099
Total Salaries and Related Expenses	1,000,639	929,653	213,124	173,401	222,701	188,182	435,825	361,583	1,436,464	1,291,236
Bank Fees	820	1,150	5,123	4,652	105	173	5,228	4,825	6,048	5,975
Contractual Services	35,339	24,087	32,213	4,590	8,259	6,364	40,472	10,954	75,811	35,041
Education	18,022	27,849	-	-	2,644	2,247	2,644	2,247	20,666	30,096
Food	51,574	55,799	-	-	-	-	-	-	51,574	55,799
Household Supplies	20,346	10,851	-	-	-	-	-	-	20,346	10,851
Insurance	44,132	43,785	4,166	5,328	1,291	1,528	5,457	6,856	49,589	50,641
Medical Supplies	28,097	27,500	-	-	-	62	-	62	28,097	27,562
Meetings	3,549	3,028	5,360	4,354	313	147	5,673	4,501	9,222	7,529
Miscellaneous	4,539	3,921	3,408	2,257	7,980	206	11,388	2,463	15,927	6,384
Office Expense	5,821	6,789	5,056	3,283	477	398	5,533	3,681	11,354	10,470
Personal Resident Expenses	6,703	6,283	-	-	-	-	-	-	6,703	6,283
Postage	642	600	810	561	3,478	3,290	4,288	3,851	4,930	4,451
Printing	171	-	-	-	8,914	8,630	8,914	8,630	9,085	8,630
Professional Fees	5,797	5,625	17,391	27,288	-	-	17,391	27,288	23,188	32,913
Rent	878,992	871,474	-	-	-	-	-	-	878,992	871,474
Repairs and Maintenance	147,310	241,402	1,233	2,448	312	1,773	1,545	4,221	148,855	245,623
Telephone and Cable	15,523	13,253	765	726	-	-	765	726	16,288	13,979
Transportation	9,962	9,138	174	335	430	125	604	460	10,566	9,598
Utilities	62,308	62,268	4,688	4,833	-	-	4,688	4,833	66,996	67,101
Water	16,827	17,056	745	994	-	-	745	994	17,572	18,050
Total Expenses before Depreciation of Property and Equipment	2,357,113	2,361,511	294,256	235,050	256,904	213,125	551,160	448,175	2,908,273	2,809,686
Depreciation	107,976	108,457	18,102	18,182	953	957	19,055	19,139	127,031	127,596
Total Expenses	$ 2,465,089	$ 2,469,968	$ 312,358	$ 253,232	$ 257,857	$ 214,082	$ 570,215	$ 467,314	$ 3,035,304	$ 2,937,282
Percentage to Total	81.2%	84.1%	10.3%	8.6%	8.5%	7.3%	18.8%	15.9%	100.0%	100.0%

(See Independent Auditors' Report and Accompanying Notes)

MARIAN HOUSE, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 117,007	$ 98,100
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	127,031	127,596
Net Realized and Unrealized Loss (Gain) on Investments	6,900	(153,365)
(Increase) Decrease in Assets:		
Fees Receivable	(33,861)	31,734
Grant and Other Receivables	12,847	105,200
Prepaid Expenses	(21,253)	(10,103)
Other Current Assets	(10,409)	(27,598)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	147,512	(2,457)
Deferred Revenue	47,605	60,408
Net Cash Provided by Operating Activities	393,379	229,515
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(294,613)	(83,055)
Purchase of Investments	(826,245)	(698,533)
Proceeds from Sales of Investments	792,394	674,404
Net Cash Used in Investing Activities	(328,464)	(107,184)
Net Change in Cash and Cash Equivalents	64,915	122,331
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	764,824	642,493
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 829,739	$ 764,824

(See Independent Auditors' Report and Accompanying Notes)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Marian House, Inc. (Organization) is a not-for-profit voluntary 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 in crisis. The Organization was started as a joint project by the School Sisters of Notre Dame and the Sisters of Mercy. The Organization provides residential housing, counseling, education, and employment programs for homeless women in the Baltimore Metropolitan area.

Population Served

Marian House serves homeless women and 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: childhood sexual abuse, domestic violence, rape, chemical addiction, chronic mental illness, and incarceration.

Program Services

Marian House I, the transitional 4-to 8-month residential 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 supportive, orderly and loving home.

Marian House II, the follow-up program, offers transitional homes for women and children; personal counseling; career counseling; mentoring; workshops in self-development, career advancement, etc.; scholarship aid; and assistance in obtaining permanent housing.

Marian House III offers eligible residents leaving the Marian House I or Marian House II programs, subsidized permanent housing through the 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, the Organization enters into short-term operating leases for residential housing to provide permanent housing for eligible residents. Total rent expense under these operating leases was $780,483 and $695,677 for the years ended June 30, 2015 and 2014, respectively. The Organization also manages a 19-unit low income project named Serenity Place, which provides permanent housing to the Marian House III program. The Organization pro-rates the 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 $87,579 and $92,190 for the years ended June 30, 2015 and 2014, respectively, and is included in the Statements of Activities as resident fees.

Accounting Standards Codification

All references in the 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 financial statements of the Organization are presented on the accrual basis of accounting and in accordance with the Presentation of Financial Statements for Not-For-Profit Entities Topic of the Codification. As required by the Codification, the accompanying financial statements present balances consistent with the existence or absence of donor-imposed restrictions. All balances have been classified in the following categories of net assets:

(a) Unrestricted net assets, which result from support and revenue not subject to donor-imposed restrictions

(b) Temporarily restricted net assets, which result from support and revenue whose use by the Organization is limited by donor-imposed restrictions that either expire with the passage of time or can be fulfilled and thereby removed by the actions of the Organization pursuant to those restrictions

(c) Permanently restricted net assets, which result from support and revenue whose use by the Organization is limited by donor-imposed restrictions that cannot be removed either by the passage of time or by the actions of the Organization

Support and Expenses

The Organization prepares its 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Permanently restricted net assets are restricted to investments in perpetuity. The income or loss in excess of donor-imposed restrictions from these investments is included as unrestricted net assets.

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

Use of Estimates

The preparation of 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 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.

Investments

Investments are stated at fair value. Changes in the fair value are recorded as unrealized gains and losses, which are reflected in the Statements of Activities during the periods in which the changes occur. Realized gains and losses are also reflected in the 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.

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 has 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 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 has taken any tax positions that would not meet this threshold.

Donated Services

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

Risks and Uncertainties

The Organization invests in various investment securities, which are exposed to various risks, such as interest rate, credit and overall volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could materially affect the amounts reported in the Statements of Financial Position.

Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through October 7, 2015, the date the financial statements were available to be issued.

2. RESTRICTED CASH

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

3. INVESTMENTS

Cost and market values of investments at June 30, 2015 and 2014 are as follows:

	2015		2014	
	Cost	Market	Cost	Market
Investments	$ 1,599,112	$ 1,692,386	$1,504,840	$ 1,665,435

Investments consisted of the following:

	2015	2014
Cash and Cash Equivalents	$ 61,844	$ 43,983
Mutual Funds	508,724	579,646
Equity Securities	328,846	461,360
Corporate Bonds	640,758	365,872
U.S. Government and Agency Securities	152,214	214,574
	$ 1,692,386	$ 1,665,435

The Fair Value Measurements and Disclosures Topic of the Codification establishes a hierarchal disclosure framework, which prioritizes and ranks the level of market price observability used in measuring investments and other financial instruments at 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.

The following is a description of the valuation methodologies used for assets measured at fair value:

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.

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, 2015 and 2014:

	2015		
	Level 1	Level 2	Total
Cash and Cash Equivalents	$ 61,844	$ -	$ 61,844
Mutual Funds:			
Emerging Markets	33,556	-	33,556
Fixed Income	367,517	-	367,517
International	107,651	-	107,651
	508,724	-	508,724

(See Independent Auditors' Report)

	2015		
	Level 1	Level 2	Total
Equity Securities:			
Consumer Discretionary	32,961	-	32,961
Consumer Staples	5,235	-	5,235
Energy	13,133	-	13,133
Financial	128,341	-	128,341
Health Care	15,011	-	15,011
Industrials	14,879	-	14,879
Information Technology	30,539	-	30,539
Materials	-	-	-
Telecommunications	2,684	-	2,684
Utilities	6,400	-	6,400
Equities Blend	79,663	-	79,663
	328,846	-	328,846
Fixed Income:			
Corporate Bonds	-	640,758	640,758
U.S. Agency Securities	114,144	-	114,144
U.S. Treasury Securities	38,070	-	38,070
	152,214	640,758	792,972
Investments, at Fair Value	$1,051,628	$640,758	$1,692,386

	2014		
	Level 1	Level 2	Total
Cash and Cash Equivalents	$ 43,983	-	$ 43,983
Mutual Funds:			
Emerging Markets	64,475	-	64,475
Fixed Income	379,720	-	379,720
International	135,451	-	135,451
	579,646	-	579,646
Equity Securities:			
Consumer Discretionary	37,748	-	37,748
Consumer Staples	17,207	-	17,207
Energy	24,300	-	24,300
Financial	167,940	-	167,940
Health Care	22,719	-	22,719

	2014		
	Level 1	Level 2	Total
Industrials	24,148	-	24,148
Information Technology	63,514	-	63,514
Materials	8,143	-	8,143
Telecommunications	2,447	-	2,447
Utilities	9,727	-	9,727
Equities Blend	83,467	-	83,467
	461,360	-	461,360
Fixed Income:			
Corporate Bonds	-	365,872	365,872
U.S. Agency Securities	157,743	-	157,743
U.S. Treasury Securities	56,831	-	56,831
	214,574	365,872	580,446
Investments, at Fair Value	$ 1,299,563	$ 365,872	$ 1,665,435

4. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2015 and 2014 consisted of the following:

	2015	2014
Land	$ 21,326	$ 21,326
Building and Building Improvements	4,828,864	4,540,831
Furniture, Fixtures and Equipment	314,524	307,944
Vehicles	29,097	29,097
	5,193,811	4,899,198
Less: Accumulated Depreciation and Amortization	2,053,941	1,926,910
Property and Equipment, Net	$ 3,139,870	$ 2,972,288

Depreciation expense for the years ended June 30, 2015 and 2014 was $127,031 and $127,596, respectively.

5. <u>NET ASSETS</u>

<u>Board Designated Funds</u>

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

The Capital Replacement Reserve Fund has been 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 has been established to provide assistance to alumnae of the Marian House program who wish to pursue their education. A committee of the Board of Directors reviews the status of the fund and may allocate specific amounts that can be used for education of former residents.

The Fund for Strategic and Organizational Advancement has been established to provide funding to future strategic and organizational advancement projects. A committee of the Board of Directors reviews the status of the fund and may allocate specific amounts that can be used for these programs and projects.

The Board, on 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 Strategic and Organizational Advancement	Total
Balance at June 30, 2013	$ 344,473	$ 64,519	$ 220,176	$ 629,168
Transfers	-	-	(61,040)	(61,040)
Investment Income Allocation	40,523	9,924	18,720	69,167
Balance at June 30, 2014	384,996	74,443	177,856	637,295
Transfers	(14,958)	-	(88,201)	(103,159)
Investment Income Allocation	6,990	1,781	1,694	10,465
Balance at June 30, 2015	$ 377,028	$ 76,224	$ 91,349	$ 544,601

(See Independent Auditors' Report)

Permanently Restricted Net Assets

The Organization's permanent endowment consists of donor restricted funds established to provide a source of income to the programs of the Organization. Permanently restricted net assets represent two separate endowment funds. The first endowment fund was established by a memorial in the name of Asta F. Gauvey. The second endowment fund was established to commemorate Sr. Augusta Reilly, RSM, former executive director of Marian House, Inc. The funds allow for the spending of the investment income at the discretion of management for the education of current or former residents.

6. 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 employees' eligible compensation to the Plan for those employees who have completed a year of service and work a minimum of 24 hours per week. The Organization contributed $43,030 and $42,169 for the years ended June 30, 2015 and 2014, 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 or being able to participate in the Christian Brothers' 403(b) plan. The Organization contributed $11,694 and $12,384 for the years ended June 30, 2015 and 2014, respectively.

7. 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 .003% of MHLP. The Organization receives reimbursements for certain expenses and a management fee based on rents collected.