ELLIN & TUCKER
CHARTERED

MARIAN HOUSE, INC.
FINANCIAL STATEMENTS
June 30, 2016 and 2015

MARIAN HOUSE, INC.
FINANCIAL STATEMENTS
June 30, 2016 and 2015

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, 2016 and 2015 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.

Opinion

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, 2016 and 2015, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2016, 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 21, 2016

MARIAN HOUSE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

ASSETS

	2016	2015
ASSETS:		
Cash and Cash Equivalents	$ 276,092	$ 829,739
Restricted Cash (Note 2)	33,549	26,788
Investments (Note 3)	1,915,390	1,692,386
Fees Receivable	164,234	232,570
Grant and Other Receivables, Net of Allowance for Doubtful Accounts of $1,500	65,834	23,533
Prepaid Expenses	53,087	48,610
Other Assets	101,919	86,310
Property and Equipment, Net (Note 4)	3,462,952	3,139,870
Total Assets	$ 6,073,057	$ 6,079,806

LIABILITIES AND NET ASSETS

	2016	2015
LIABILITIES:		
Accounts Payable and Accrued Expenses	$ 180,053	$ 274,745
Deferred Revenue	89,185	114,176
Security Deposits and Funds Held for Residents	33,549	26,788
Total Liabilities	302,787	415,709
NET ASSETS (Note 5):		
Unrestricted:		
Undesignated Net Assets	4,863,588	4,917,782
Board-Designated Net Assets	466,732	544,601
	5,330,320	5,462,383
Temporarily Restricted	420,105	181,869
Permanently Restricted	19,845	19,845
Total Net Assets	5,770,270	5,664,097
Total Liabilities and Net Assets	$ 6,073,057	$ 6,079,806

(See Independent Auditors' Report and Accompanying Notes)

MARIAN HOUSE, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT:								
Contributions and Non-Government Grants	$ 290,973	$ 723,101	$ -	$ 1,014,074	$ 230,116	$ 572,409	$ -	$ 802,525
Fees and Grants from Federal Government Sources	1,211,981	-	-	1,211,981	1,379,888	-	-	1,379,888
Fees and Grants from Non-Federal Government Sources	524,999	-	-	524,999	643,848	-	-	643,848
Serenity Place Management Fees (Note 7)	16,535	-	-	16,535	17,228	-	-	17,228
Resident Fees	203,956	-	-	203,956	190,718	-	-	190,718
Special Events, Net of Direct Expenses of $28,580 and $23,767	114,128	-	-	114,128	90,345	-	-	90,345
Other	2,303	-	-	2,303	399	-	-	399
	2,364,875	723,101	-	3,087,976	2,552,542	572,409	-	3,124,951
Net Assets Released from Restrictions	484,865	(484,865)	-	-	712,715	(712,715)	-	-
Total Revenue and Support	2,849,740	238,236	-	3,087,976	3,265,257	(140,306)	-	3,124,951
EXPENSES:								
Program	2,427,606	-	-	2,427,606	2,465,089	-	-	2,465,089
General and Administrative	311,764	-	-	311,764	312,358	-	-	312,358
Fundraising	265,303	-	-	265,303	257,857	-	-	257,857
Total Expenses	3,004,673	-	-	3,004,673	3,035,304	-	-	3,035,304
Change in Net Assets before Investment Income	(154,933)	238,236	-	83,303	229,953	(140,306)	-	89,647
INVESTMENT INCOME, NET OF INVESTMENT FEES OF $16,798 AND $20,896	14,519	-	-	14,519	34,260	-	-	34,260
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	8,351	-	-	8,351	(6,900)	-	-	(6,900)
Change in Net Assets	(132,063)	238,236	-	106,173	257,313	(140,306)	-	117,007
NET ASSETS - BEGINNING OF YEAR	5,462,383	181,869	19,845	5,664,097	5,205,070	322,175	19,845	5,547,090
NET ASSETS - END OF YEAR	$ 5,330,320	$ 420,105	$ 19,845	$ 5,770,270	$ 5,462,383	$ 181,869	$ 19,845	$ 5,664,097

(See Independent Auditors' Report and Accompanying Notes)

MARIAN HOUSE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2016 and 2015

	Program Services		Supporting Services						Total Expenses	
			General and Administrative		Fundraising		Total Supporting Services			
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Salaries	$ 873,331	$ 828,885	$ 197,341	$ 182,396	$ 197,480	$ 190,036	$ 394,821	$ 372,432	$ 1,268,152	$ 1,201,317
Payroll Taxes and Employee Benefits	175,816	171,754	38,489	30,728	34,584	32,665	73,073	63,393	248,889	235,147
Total Salaries and Related Expenses	1,049,147	1,000,639	235,830	213,124	232,064	222,701	467,894	435,825	1,517,041	1,436,464
Bank Fees	1,060	820	5,243	5,123	212	105	5,455	5,228	6,515	6,048
Contractual Services	31,820	35,339	9,265	32,213	6,645	8,259	15,910	40,472	47,730	75,811
Education	15,131	18,022	206	-	157	2,644	363	2,644	15,494	20,666
Food	51,386	51,574	-	-	-	-	-	-	51,386	51,574
Household Supplies	20,785	20,346	-	-	-	-	-	-	20,785	20,346
Insurance	45,003	44,132	4,018	4,166	1,134	1,291	5,152	5,457	50,155	49,589
Medical Supplies	34,799	28,097	-	-	-	-	-	-	34,799	28,097
Meetings	4,231	3,549	5,119	5,360	572	313	5,691	5,673	9,922	9,222
Miscellaneous	8,104	4,539	1,674	3,408	7,503	7,980	9,177	11,388	17,281	15,927
Office Expense	4,028	5,821	3,986	5,056	449	477	4,435	5,533	8,463	11,354
Personal Resident Expenses	8,133	6,703	-	-	-	-	-	-	8,133	6,703
Postage	464	642	781	810	3,445	3,478	4,226	4,288	4,690	4,930
Printing	-	171	-	-	9,704	8,914	9,704	8,914	9,704	9,085
Professional Fees	5,800	5,797	17,399	17,391	-	-	17,399	17,391	23,199	23,188
Rent	796,583	878,992	-	-	-	-	-	-	796,583	878,992
Repairs and Maintenance	120,750	147,310	880	1,233	2,119	312	2,999	1,545	123,749	148,855
Telephone and Cable	18,479	15,523	785	765	-	-	785	765	19,264	16,288
Transportation	8,819	9,962	1,107	174	232	430	1,339	604	10,158	10,566
Utilities	58,300	62,308	3,925	4,688	-	-	3,925	4,688	62,225	66,996
Water	23,896	16,827	1,279	745	-	-	1,279	745	25,175	17,572
Total Expenses before Depreciation of Property and Equipment	2,306,718	2,357,113	291,497	294,256	264,236	256,904	555,733	551,160	2,862,451	2,908,273
Depreciation	120,888	107,976	20,267	18,102	1,067	953	21,334	19,055	142,222	127,031
Total Expenses	$ 2,427,606	$ 2,465,089	$ 311,764	$ 312,358	$ 265,303	$ 257,857	$ 577,067	$ 570,215	$ 3,004,673	$ 3,035,304
Percentage to Total	80.8%	81.2%	10.4%	10.3%	8.8%	8.5%	19.2%	18.8%	100.0%	100.0%

(See Independent Auditors' Report and Accompanying Notes)

MARIAN HOUSE, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 106,173	$ 117,007
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	142,222	127,031
Net Realized and Unrealized (Gain) Loss on Investments	(8,351)	6,900
Net Changes in:		
Fees Receivable	68,336	(33,861)
Grant and Other Receivables	(42,301)	12,847
Prepaid Expenses	(4,477)	(21,253)
Other Current Assets	(15,609)	(10,409)
Accounts Payable and Accrued Expenses	(94,692)	147,512
Deferred Revenue	(24,991)	47,605
Net Cash Provided by Operating Activities	126,310	393,379
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	(465,304)	(294,613)
Purchase of Investments	(430,734)	(826,245)
Proceeds from Sales of Investments	216,081	792,394
Net Cash Used in Investing Activities	(679,957)	(328,464)
Net Change in Cash and Cash Equivalents	(553,647)	64,915
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	829,739	764,824
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 276,092	$ 829,739

(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 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 $737,909 and $780,483 for the years ended June 30, 2016 and 2015, 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 $112,834 and $87,579 for the years ended June 30, 2016 and 2015, 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 has 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 21, 2016, 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, 2016 and 2015 are as follows:

	2016		2015	
	Cost	Market	Cost	Market
Investments	$ 1,819,289	$ 1,915,390	$ 1,599,112	$ 1,692,386

(See Independent Auditors' Report)

Investments consisted of the following:

	2016	2015
Cash and Cash Equivalents	$ 35,315	$ 61,844
Certificates of Deposit	200,000	-
Mutual Funds	1,099,404	508,724
Equity Securities	340,332	328,846
Corporate Bonds	75,714	640,758
U.S. Government and Agency Securities	164,625	152,214
	$ 1,915,390	$ 1,692,386

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.

Certificates of Deposit: Valued at cost plus accrued interest, which approximates fair value.

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, 2016 and 2015:

	2016		
	Level 1	Level 2	Total
Cash and Cash Equivalents	$ 35,315	$ -	$ 35,315
Certificates of Deposit	200,000	-	200,000
Mutual Funds:			
Emerging Markets	30,157	-	30,157
Fixed Income	94,423	-	94,423
International	974,824	-	974,824
	1,099,404	-	1,099,404
Equity Securities:			
Consumer Discretionary	29,813	-	29,813
Consumer Staples	15,206	-	15,206
Energy	12,259	-	12,259
Financial	147,220	-	147,220
Health Care	11,867	-	11,867
Industrials	14,607	-	14,607
Information Technology	25,766	-	25,766
Telecommunications	2,946	-	2,946
Utilities	3,588	-	3,588
Equities Blend	77,060	-	77,060
	340,332	-	340,332

(See Independent Auditors' Report)

	2016		
	Level 1	Level 2	Total
Fixed Income:			
Corporate Bonds	-	75,714	75,714
U.S. Agency Securities	35,733	-	35,733
U.S. Treasury Securities	128,892	-	128,892
	164,625	75,714	240,339
Investments, at Fair Value	$1,839,676	$ 75,714	$1,915,390

	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
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
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

(See Independent Auditors' Report)

4. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2016 and 2015 consisted of the following:

	2016	2015
Land	$ 21,326	$ 21,326
Building and Building Improvements	5,241,975	4,828,864
Furniture, Fixtures and Equipment	366,715	314,524
Vehicles	29,097	29,097
	5,659,113	5,193,811
Less: Accumulated Depreciation and Amortization	2,196,161	2,053,941
Property and Equipment, Net	$ 3,462,952	$ 3,139,870

Depreciation expense for the years ended June 30, 2016 and 2015 was $142,222 and $127,031, respectively.

5. NET ASSETS

Board-Designated Funds

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, 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
Transfers	(85,438)	-	-	(85,438)
Investment Income Allocation	5,941	1,576	52	7,569
Balance at June 30, 2016	$ 297,531	$ 77,800	$ 91,401	$ 466,732

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 $51,599 and $43,030 for the years ended June 30, 2016 and 2015, 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 $6,870 and $11,694 for the years ended June 30, 2016 and 2015, 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.