ELLIN & TUCKER

MARIAN HOUSE, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2017

MARIAN HOUSE

Women Moving From Dependence To Independence

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Marian House, Inc.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have 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 Statement of Financial Position as of June 30, 2017 and the related Consolidated Statements of Activities, Functional Expenses and Cash Flows for the year then ended and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY 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; this includes 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

INDEPENDENT AUDITORS' REPORT, CONTINUED

OPINION

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, 2017, and the change in its net assets and its cash flows for the year 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 24, 2017, 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

ELLIN & TUCKER
Certified Public Accountants

Baltimore, Maryland
October 24, 2017

ASSETS

ASSETS	
Cash and Cash Equivalents	$ 611,008
Restricted Cash (Note 2)	34,751
Investments (Note 3)	2,269,518
Fees Receivable	113,222
Grants Recievable	1,345,019
Other Receivables	19,964
Prepaid Expenses	61,659
Other Assets	58,392
Property and Equipment, Net (Note 4)	6,841,724
Total Assets	$ 11,355,257

LIABILITIES AND NET ASSETS

LIABILITIES	
Accounts Payable and Accrued Expenses	$ 853,257
Deferred Revenue	103,936
Security Deposits and Funds Held for Residents	34,751
Total Liabilities	991,944
COMMITMENTS (Note 6)	
NET ASSETS (Note 5)	
Unrestricted:	
Undesignated Net Assets	4,968,201
Board-Designated Net Assets	508,430
	5,476,631
Temporarily Restricted	4,866,837
Permanently Restricted	19,845
Total Net Assets	10,363,313
Total Liabilities and Net Assets	$ 11,355,257

(See Independent Auditors' Report and Accompanying Notes)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Contributions and Non-Government Grants	$ 315,547	$ 5,012,884	$ -	$ 5,328,431
Fees and Grants from Federal Government Sources	1,224,879	-	-	1,224,879
Fees and Grants from Non-Federal Government Sources	576,836	-	-	576,836
Serenity Place Management Fees (Note 8)	17,194	-	-	17,194
Resident Fees	234,084	-	-	234,084
Special Events, Net of Direct Expenses of $33,173	115,362	-	-	115,362
Other	4,436	-	-	4,436
	2,488,338	5,012,884	-	7,501,222
Net Assets Released from Restrictions	566,151	(566,151)	-	-
Total Revenue and Support	3,054,489	4,446,733	-	7,501,222
EXPENSES				
Program	2,482,158	-	-	2,482,158
General and Administrative	319,102	-	-	319,102
Fundraising	255,766	-	-	255,766
Total Expenses	3,057,026	-	-	3,057,026
Change in Net Assets before Investment Income	(2,537)	4,446,733	-	4,444,196
INVESTMENT INCOME, NET OF INVESTMENT FEE OF $19,137	25,258	-	-	25,258
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	123,590	-	-	123,590
Change in Net Assets	146,311	4,446,733	-	4,593,044
NET ASSETS - BEGINNING OF YEAR	5,330,320	420,104	19,845	5,770,269
NET ASSETS - END OF YEAR	$ 5,476,631	$ 4,866,837	$ 19,845	$ 10,363,313

(See Independent Auditors' Report and Accompanying Notes)

	Program Services	Supporting Services: General and Administrative	Supporting Services: Fundraising	Supporting Services: Total	Total Expenses
Salaries	$ 903,072	$ 200,757	$ 186,274	$ 387,031	$ 1,290,103
Payroll Taxes and Employee Benefits	164,938	37,270	37,295	74,565	239,503
Total Salaries and Related Expenses	1,068,010	238,027	223,569	461,596	1,529,606
Bank Fees	746	5,718	160	5,878	6,624
Contractual Services	15,443	1,720	860	2,580	18,023
Education	14,181	99	-	99	14,280
Food	48,676	-	-	-	48,676
Household Supplies	20,327	-	-	-	20,327
Insurance	47,277	4,770	1,239	6,009	53,286
Medical Supplies	18,228	484	-	484	18,712
Meetings	4,644	1,890	162	2,052	6,696
Miscellaneous	9,030	2,866	8,179	11,045	20,075
Office Expense	2,870	2,972	586	3,558	6,428
Personal Resident Expenses	8,031	-	-	-	8,031
Postage	293	796	2,441	3,237	3,530
Printing	-	-	7,266	7,266	7,266
Professional Fees	23,979	26,879	5,702	32,581	56,560
Rent	858,144	-	-	-	858,144
Repairs and Maintenance	100,710	1,748	4,100	5,848	106,558
Telephone and Cable	19,742	814	-	814	20,556
Transportation	8,496	738	385	1,123	9,619
Utilities	59,590	5,449	-	5,449	65,039
Water	27,136	2,907	-	2,907	30,043
Total Expenses before Depreciation of Property and Equipment	2,355,553	297,877	254,649	552,526	2,908,079
Depreciation	126,605	21,225	1,117	22,342	148,947
Total Expenses	$ 2,482,158	$ 319,102	$ 255,766	$ 574,868	$ 3,057,026
Percentage to Total	81.2%	10.4%	8.4%	18.8%	100.0%

(See Independent Auditors' Report and Accompanying Notes)

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 4,593,044
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	148,947
Net Realized and Unrealized Gain on Investments	(123,590)
Net Changes in:	
Fees Receivable	51,012
Grant Receivables	(1,345,019)
Other Receivables	45,870
Prepaid Expenses	(8,572)
Other Assets	43,527
Accounts Payable and Accrued Expenses	673,204
Deferred Revenue	14,751
Net Cash Provided by Operating Activities	4,093,174
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	(3,527,719)
Purchase of Investments	(883,814)
Proceeds from Sales of Investments	653,275
Net Cash Used in Investing Activities	(3,758,258)
Net Change in Cash and Cash Equivalents	334,916
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	276,092
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 611,008

(See Independent Auditors' Report and Accompanying Notes)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Marian House, Inc. 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. Marian House, Inc. was started as a joint project by the School Sisters of Notre Dame and Sisters of Mercy. Marian House, Inc. provides residential housing, counseling, education, and employment programs for homeless women in the Baltimore Metropolitan area.

Independence Enterprises I, LLC (IE1), Independence Enterprises II, LLC (IE2) and Independence Enterprises III, LLC (IE3) are wholly owned by Marian House, Inc. and were formed to purchase and renovate the former convent rectory and School of the Blessed Sacrament Parrish in Baltimore (Independence Place). During the year ended June 30, 2017, the real estate was acquired, and renovations of the School building into a 22-unit apartment building for homeless women and families commenced.

Population Served

Marian House, Inc. 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, Inc.'s mission of "moving women from dependence to independence." Under the Marian House III program, Marian House, Inc. enters into short-term operating leases for residential housing to provide permanent housing for eligible residents. Total rent expense under these operating leases was $650,265 for the year ended June 30, 2017. Marian House, Inc. also manages a 19-unit low income project named Serenity Place, which provides permanent housing to the Marian House III program. Marian House, Inc. 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 $102,660 for the year ended June 30, 2017 and is included in the Consolidated Statement of Activities as resident fees.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Marian House, Inc. and subsidiaries, IE1, IE2, and IE3, (collectively referred to as the Organization). All significant inter-organization transactions and balances have been eliminated in consolidation.

ACCOUNTING STANDARDS CODIFICATION

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

BASIS OF PRESENTATION

The consolidated financial statements 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 consolidated 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:

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

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.

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

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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statement 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 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 doubtful accounts, which is based on management's assessment of uncollectible amounts of fees, grants and other receivables.

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 Statement of Activities during the period in which the changes occur. Realized gains and losses are also reflected in the Consolidated Statement 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 Consolidated Statement 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 Consolidated Statement of Financial Position.

SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through October 24, 2017, the date the consolidated financial statements were available to be issued.

NOTE 2 RESTRICTED CASH

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

NOTE 3 INVESTMENTS

Cost and market values of investments at June 30, 2017 are as follows:

	Cost	Market
Investments	$ 2,066,822	$ 2,269,518

Investments consisted of the following:

Cash and Cash Equivalents	$ 23,014
Certificates of Deposit	330,060
Mutual Funds	1,376,767
Equity Securities	384,712
Corporate Bonds	54,154
U.S. Government and Agency Securities	100,811
	$ 2,269,518

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.

(See Independent Auditors' Report)

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 (CD): 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 year ended June 30, 2017:

	Level 1	Level 2	Total
Cash and Cash Equivalents	$ 23,014	$ -	$ 23,014
Certificates of Deposit	330,060	-	330,060
Mutual Funds:			
Emerging Markets	259,365	-	259,365
Fixed Income	377,929	-	377,929
Domestic	739,473	-	739,473
	1,376,767	-	1,376,767
Equity Securities:			
Consumer Discretionary	36,088	-	36,088
Consumer Staples	10,377	-	10,377
Energy	9,864	-	9,864
Financial	149,211	-	149,211
Health Care	28,848	-	28,848
Industrials	18,919	-	18,919
Information Technology	30,871	-	30,871
Materials	964	-	964
Telecommunications	1,578	-	1,578
Utilities	6,145	-	6,145
Equities Blend	91,847	-	91,847
	384,712	-	384,712
Fixed Income:			
Corporate Bonds	-	54,154	54,154
U.S. Agency Securities	29,688	-	29,688
U.S. Treasury Securities	71,123	-	71,123
	100,811	54,154	154,965
Investments, at Fair Value	$ 2,215,364	$ 54,154	$ 2,269,518

(See Independent Auditors' Report)

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2017 consisted of the following:

Land	$ 21,326
Building and Building Improvements	4,975,862
Furniture, Fixtures and Equipment	366,715
Vehicles	29,097
Construction in Progress	3,793,833
	9,186,833
Less: Accumulated Depreciation and Amortization	2,345,109
Property and Equipment, Net	$ 6,841,724

Depreciation expense for the year ended June 30, 2017 was $148,947.

NOTE 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.

(See Independent Auditors' Report)

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, 2016	$ 297,531	$ 77,800	$ 91,401	$ 466,732
Investment Income Allocation	25,497	8,368	7,833	41,698
Balance at June 30, 2017	$ 323,028	$ 86,168	$ 99,234	$ 508,430

TEMPORARILY RESTRICTED NET ASSETS

Temporary restricted net assets are restricted as follows:

Independence Place	$ 4,649,816
Operations - Future Period	195,000
Other	22,021
	$ 4,866,837

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.

NOTE 6 COMMITMENTS

As of June 30, 2017, the Organization had a $310,000 line of credit available with a bank collateralized by a CD held at the bank. No amounts were outstanding on the line of credit at June 30, 2017. The Organization also had an outstanding letter of credit for $20,060 with another bank collateralized by a CD at the bank. The Organization has signed an agreement with a construction company to develop Independence Place totaling $3,960,979, of which approximately $2,262,000 was completed prior to year end June 30, 2017.

NOTE 7 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 $52,066 for the year ended June 30, 2017.

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 $5,100 for the year ended June 30, 2017.

NOTE 8 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.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Marian House, Inc.

We have audited the consolidated financial statements of Marian House, Inc. and Subsidiaries as of and for the year ended June 30, 2017, and our report thereon dated October 24, 2017, which expressed an unmodified opinion on those consolidated financial statements, appears on Pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on Pages 18 and 19 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 has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and 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 additional 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 24, 2017

	Marian House Inc.	Independence Enterprises (I, II and III)	Subtotal	Eliminations	Consolidated
ASSETS					
Cash and Cash Equivalents	$ 587,906	$ 23,102	$ 611,008	$ -	$ 611,008
Restricted Cash	34,751	-	34,751	-	34,751
Investments	1,939,458	330,060	2,269,518	-	2,269,518
Fees Receivable	113,222	-	113,222	-	113,222
Grants Recievable	50,000	1,295,019	1,345,019	-	1,345,019
Other Receivables	119,995	-	119,995	(100,031)	19,964
Prepaid Expenses	61,659	-	61,659	-	61,659
Other Assets	56,896	1,496	58,392	-	58,392
Property and Equipment, Net	3,047,891	3,793,833	6,841,724	-	6,841,724
Total Assets	$ 6,011,778	$ 5,443,510	$ 11,455,288	$ (100,031)	$ 11,355,257
LIABLITIES					
Accounts Payable and Accrued Expenses	$ 159,594	$ 793,694	$ 953,288	$ (100,031)	$ 853,257
Deferred Revenue	103,936	-	103,936	-	103,936
Security Deposits and Funds Held for Residents	34,751	-	34,751	-	34,751
Total Liabilities	298,281	793,694	1,091,975	(100,031)	991,944
NET ASSETS					
Unrestricted:					
Undesignated Net Assets	4,968,201	-	4,968,201	-	4,968,201
Board-Designated Net Assets	508,430	-	508,430	-	508,430
	5,476,631	-	5,476,631	-	5,476,631
Temporarily Restricted	217,021	4,649,816	4,866,837	-	4,866,837
Permanently Restricted	19,845	-	19,845	-	19,845
Total Net Assets	5,713,497	4,649,816	10,363,313	-	10,363,313
Total Liabilities and Net Assets	$ 6,011,778	$ 5,443,510	$ 11,455,288	$ (100,031)	$ 11,355,257

(See Independent Auditors' Report on Supplementary Information)

	Marian House				Independence Enterprises (I, II, and III)					
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Subtotal**	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Subtotal**	**Eliminations**	**Consolidated**
REVENUE AND SUPPORT										
Contributions and Non-Government Grants	$ 315,547	$ 645,978	$ -	$ 961,525	$ -	$ 4,655,210	$ -	$ 4,655,210	$ (288,304)	$ 5,328,431
Fees and Grants from Federal Government Sources	1,224,879	-	-	1,224,879	-	-	-	-	-	1,224,879
Fees and Grants from Non-Federal Government Sources	576,836	-	-	576,836	-	-	-	-	-	576,836
Serenity Place Management Fees	17,194	-	-	17,194	-	-	-	-	-	17,194
Resident Fees	234,084	-	-	234,084	-	-	-	-	-	234,084
Special Events, Net of Direct Expenses of $33,173	115,362	-	-	115,362	-	-	-	-	-	115,362
Other	4,436	-	-	4,436	-	-	-	-	-	4,436
	2,488,338	645,978	-	3,134,316	-	4,655,210	-	4,655,210	(288,304)	7,501,222
Net Assets Released from Restrictions	849,061	(849,061)	-	-	5,394	(5,394)	-	-	-	-
Total Revenue and Support	3,337,399	(203,083)	-	3,134,316	5,394	4,649,816	-	4,655,210	(288,304)	7,501,222
EXPENSES										
Program	2,770,462	-	-	2,770,462	-	-	-	-	(288,304)	2,482,158
General and Administrative	313,708	-	-	313,708	5,394	-	-	5,394	-	319,102
Fundraising	255,766	-	-	255,766	-	-	-	-	-	255,766
Total Expenses	3,339,936	-	-	3,339,936	5,394	-	-	5,394	(288,304)	3,057,026
Change in Net Assets before Investment Income	(2,537)	(203,083)	-	(205,620)	-	4,649,816	-	4,649,816	-	4,444,196
INVESTMENT INCOME, NET OF INVESTMENT FEE OF $19,137	25,258	-	-	25,258	-	-	-	-	-	25,258
NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	123,590	-	-	123,590	-	-	-	-	-	123,590
Change in Net Assets	146,311	(203,083)	-	(56,772)	-	4,649,816	-	4,649,816	-	4,593,044
NET ASSETS - BEGINNING OF YEAR	5,330,320	420,104	19,845	5,770,269	-	-	-	-	-	5,770,269
NET ASSETS - END OF YEAR	$ 5,476,631	$ 217,021	$ 19,845	$ 5,713,497	$ -	$ 4,649,816	$ -	$ 4,649,816	$ -	$ 10,363,313

(See Independent Auditors' Report on Supplementary Information)