MARIAN HOUSE, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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 Statements of Financial Position as of June 30, 2021 and 2020, 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.

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 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 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 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, 2021 and 2020 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 also issued our report dated November 4, 2021 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
November 4, 2021

ASSETS

	2021	2020
ASSETS		
Cash and Cash Equivalents	$ 426,536	$ 1,204,164
Restricted Cash (Note 2)	50,393	27,144
Investments (Note 3)	3,557,656	2,187,705
Fees Receivable	256,118	340,188
Grants Receivable	2,913	30,033
Other Receivables	50,409	84,701
Prepaid Expenses	63,785	67,753
Other Assets	93,501	85,458
Property and Equipment, Net (Note 4)	11,169,173	10,512,773
Total Assets	$ 15,670,484	$ 14,539,919

LIABILITIES AND NET ASSETS

	2021	2020
LIABILITIES		
Accounts Payable and Accrued Expenses	$ 282,972	$ 241,144
Deferred Revenue	71,506	62,128
Security Deposits and Funds Held for Residents	72,687	44,495
Long-Term Debt (Note 5)	1,018,501	500,501
Paycheck Protection Program Loan (Note 6)	-	407,068
Total Liabilities	1,445,666	1,255,336
COMMITMENTS (Note 8)		
NET ASSETS (Note 7)		
Without Donor Restrictions:		
Undesignated Net Assets	12,766,955	12,316,350
Board-Designated Net Assets	1,101,018	816,388
	13,867,973	13,132,738
With Donor Restrictions	356,845	151,845
Total Net Assets	14,224,818	13,284,583
Total Liabilities and Net Assets	$ 15,670,484	$ 14,539,919

(See Independent Auditors' Report and Accompanying Notes)

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Contributions and Non-Government Grants	$ 268,002	$ 927,623	$ 1,195,625	$ 443,916	$ 1,122,500	$ 1,566,416
Fees and Grants from Federal Government Sources	1,605,098	-	1,605,098	1,649,477	-	1,649,477
Fees and Grants from Non-Federal Government Sources	762,754	-	762,754	1,024,308	-	1,024,308
Management Fees (Note 10)	17,004	-	17,004	17,339	-	17,339
Resident Fees	430,814	-	430,814	326,719	-	326,719
Special Events, Net of Direct Expenses of $23,685 and $42,520, Respectively	130,802	-	130,802	115,804	-	115,804
Paycheck Protection Program Contribution (Note 6)	377,681	-	377,681	-	-	-
Other	9,918	-	9,918	407	-	407
	3,602,073	927,623	4,529,696	3,577,970	1,122,500	4,700,470
Net Assets Released from Restrictions	722,623	(722,623)	-	1,165,300	(1,165,300)	-
Total Revenue and Support	4,324,696	205,000	4,529,696	4,743,270	(42,800)	4,700,470
EXPENSES						
Program	3,425,519	-	3,425,519	3,285,254	-	3,285,254
General and Administrative	441,629	-	441,629	411,252	-	411,252
Fundraising	313,847	-	313,847	327,099	-	327,099
Total Expenses	4,180,995	-	4,180,995	4,023,605	-	4,023,605
Change in Net Assets before Non-Operating Activities	143,701	205,000	348,701	719,665	(42,800)	676,865
NON-OPERATING ACTIVITIES						
Investment Income, Net of Investment Fees of $25,428 and $23,101, Respectively	32,195	-	32,195	45,609	-	45,609
Net Realized and Unrealized Gain on Investments	559,339	-	559,339	24,322	-	24,322
Total Non-Operating Activities	591,534	-	591,534	69,931	-	69,931
Change in Net Assets	735,235	205,000	940,235	789,596	(42,800)	746,796
NET ASSETS - BEGINNING OF YEAR	13,132,738	151,845	13,284,583	12,343,142	194,645	12,537,787
NET ASSETS - END OF YEAR	$ 13,867,973	$ 356,845	$ 14,224,818	$ 13,132,738	$ 151,845	$ 13,284,583

(See Independent Auditors' Report and Accompanying Notes)

	Program Services		Supporting Services: General and Administrative		Supporting Services: Fundraising		Supporting Services: Total		Total Expenses	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Salaries	$ 1,129,181	$ 1,119,099	$ 266,325	$ 245,868	$ 223,949	$ 238,298	$ 490,274	$ 484,166	$ 1,619,455	$ 1,603,265
Payroll Taxes and Employee Benefits	208,316	227,100	45,703	44,814	33,439	39,986	79,142	84,800	287,458	311,900
Total Salaries and Related Expenses	1,337,497	1,346,199	312,028	290,682	257,388	278,284	569,416	568,966	1,906,913	1,915,165
Bank Fees	1,008	1,096	8,535	5,921	106	788	8,641	6,709	9,649	7,805
Contractual Services	44,962	40,634	2,642	3,274	2,944	3,110	5,586	6,384	50,548	47,018
Education	21,771	30,540	75	15	399	30	474	45	22,245	30,585
Food	33,842	41,029	-	-	-	-	-	-	33,842	41,029
Household Supplies	24,625	23,174	-	-	-	-	-	-	24,625	23,174
Insurance	86,255	68,762	6,159	5,742	1,199	1,119	7,358	6,861	93,613	75,623
Marketing	-	203	-	-	12,681	3,760	12,681	3,760	12,681	3,963
Medical Supplies	16,218	18,516	-	-	28	-	28	-	16,246	18,516
Meetings	6,631	5,056	6,087	6,172	594	1,607	6,681	7,779	13,312	12,835
Miscellaneous	8,183	7,871	2,488	3,521	738	871	3,226	4,392	11,409	12,263
Office	4,638	4,330	2,774	3,539	645	1,014	3,419	4,553	8,057	8,883
Personal Resident	23,483	13,943	-	-	-	-	-	-	23,483	13,943
Postage	172	220	1,240	679	5,263	4,720	6,503	5,399	6,675	5,619
Printing	-	-	8,675	645	20,302	18,443	28,977	19,088	28,977	19,088
Professional Fees	41,943	52,061	30,571	36,521	8,328	10,348	38,899	46,869	80,842	98,930
Rent	972,020	957,053	308	-	-	-	308	-	972,328	957,053
Repairs and Maintenance	269,771	171,906	5,086	695	1,573	1,187	6,659	1,882	276,430	173,788
Telephone and Cable	25,037	25,040	1,009	940	-	-	1,009	940	26,046	25,980
Transportation	10,709	8,053	47	1,176	527	671	574	1,847	11,283	9,900
Utilities	76,422	67,473	3,776	3,589	-	-	3,776	3,589	80,198	71,062
Water	41,295	44,473	1,846	1,643	-	-	1,846	1,643	43,141	46,116
Total Expenses before Depreciation of Property and Equipment	3,046,482	2,927,632	393,346	364,754	312,715	325,952	706,061	690,706	3,752,543	3,618,338
Depreciation of Property and Equipment	379,037	357,622	48,283	46,498	1,132	1,147	49,415	47,645	428,452	405,267
Total Expenses	$ 3,425,519	$ 3,285,254	$ 441,629	$ 411,252	$ 313,847	$ 327,099	$ 755,476	$ 738,351	$ 4,180,995	$ 4,023,605
Percentage to Total	81.9%	81.6%	10.6%	10.2%	7.5%	8.1%	18.1%	18.4%	100.0%	100.0%

(See Independent Auditors' Report and Accompanying Notes)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 940,235	$ 746,796
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	428,456	405,264
Net Realized and Unrealized Gain on Investments	(559,339)	(24,322)
Paycheck Protection Program Contribution	(377,681)	-
Non-Cash Contribution of Property	-	(800,000)
Net Changes in:		
Fees Receivable	84,070	(209,569)
Grants Receivable	27,120	59,360
Other Receivables	34,292	(38,806)
Prepaid Expenses	3,968	2,574
Security Deposits	28,192	9,443
Other Assets	(8,043)	34,290
Accounts Payable and Accrued Expenses	41,828	(85,210)
Deferred Revenue	9,378	10,523
Net Cash Provided by Operating Activities	652,476	110,343
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,084,856)	(257,517)
Purchase of Investments	(1,703,370)	(588,250)
Proceeds from Sales of Investments	892,758	548,768
Net Cash Used in Investing Activities	(1,895,468)	(296,999)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	518,000	-
Repayment of Paycheck Protection Program Loan	(29,387)	-
Proceeds from Paycheck Protection Program Loan	-	407,068
Net Cash Provided by Financing Activities	488,613	407,068
Net Change in Cash and Cash Equivalents	(754,379)	220,412
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - BEGINNING OF YEAR	1,231,308	1,010,896
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 476,929	$ 1,231,308

(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. They 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 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 $747,219 and $725,265 for the years ended June 30, 2021 and 2020, 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 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 $102,831 and $95,423 for the years ended June 30, 2021 and 2020, respectively, and is included in the Consolidated Statements of Activities as resident fees.

(See Independent Auditors' Report)

Independence Enterprises I, LLC (IE1), Independence Enterprises II, LLC (IE2) and Independence Enterprises III, LLC (IE3) are wholly owned by Marian House and were formed to purchase and renovate the former school, convent, and rectory of the Blessed Sacrament Parish in Baltimore, respectively. IE1 manages and maintains the 22-unit apartment building in the former school which provides permanent housing to homeless women and families. IE2 along with IE3 form Independence Place which serves 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 its case managers and child therapist to learn the life skills necessary for independence. The renovations of the convent and rectory buildings were completed during the year ended June 30, 2019.

Independence Enterprises expanded its operations during the fiscal year ended June 30, 2020 to include an additional limited liability company that 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 her 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. MH at the WIE is responsible for operating and maintaining the five-story building listed on the National Register of Historic Places in downtown Baltimore, which 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. Marian House is engaging members of the business community, city officials, and interested individuals in its future planning process.

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

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Marian House, Inc. and its subsidiaries, IE1, IE2, IE3, Alameda, WIE, and 111, (collectively referred to as the Organization). All significant inter-organization transactions and balances were eliminated in consolidation.

(See Independent Auditors' Report)

ACCOUNTING STANDARDS CODIFICATION

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

BASIS OF PRESENTATION

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

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

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

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 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.

RISK AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) global pandemic. This contagious disease outbreak has adversely affected workforces, economies, and global financial markets. There is significant uncertainty around the breadth and duration of business disruptions related to COVID-19 as well as its impact on the global economy. Therefore, the Organization is currently unable to determine the extent of the impact to its future level of rental revenue, contributions, foundation grants, and government funding. The Organization expects at least a 30% reduction in revenue, particularly revenue from rental income, which is expected to decrease by approximately 57% due to residents who have in part, or in whole, lost their jobs because of the pandemic. Marian House serves individuals who work entry-level jobs and/or have recently attained employment and are, therefore, at risk of job loss, especially during challenging times.

NOTE 2 RESTRICTED CASH

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

NOTE 3 INVESTMENTS

Investments at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Cash and Cash Equivalents	$ 26,246	$ 144,189
Mutual Funds	2,410,288	1,429,445
Equity Securities	880,450	477,432
Corporate Bonds	98,690	63,891
U.S. Government and Agency Securities	141,982	72,748
Total Investments at Fair Value	$ 3,557,656	$ 2,187,705
Total Investments at Cost	$ 2,888,139	$ 1,941,051

(See Independent Auditors' Report)

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

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

Level 2 Inputs to the valuation methodology include:

Quoted prices for similar assets or liabilities in active markets;

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

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

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

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

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

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

Below are descriptions of the valuation methodologies used for assets measured at fair value. There were no changes in the methodologies used at June 30, 2021 and 2020.

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, 2021 and 2020:

	2021		
	Level 1	**Level 2**	**Total**
Cash and Cash Equivalents	$ 26,246	$ -	$ 26,246
Mutual Funds:			
Emerging Markets	251,478	-	251,478
Fixed Income	1,206,950	-	1,206,950
International	256,541	-	256,541
Domestic	695,319	-	695,319
	2,410,288	-	2,410,288
Equity Securities:			
Communication Services	56,797	-	56,797
Consumer Discretionary	56,339	-	56,339
Consumer Staples	19,456	-	19,456
Energy	14,486	-	14,486
Financial	248,843	-	248,843
Health Care	32,550	-	32,550
Industrials	25,149	-	25,149
Information Technology	54,703	-	54,703
Utilities	15,470	-	15,470
Equities Blend	356,657	-	356,657
	880,450	-	880,450
Fixed Income:			
Corporate Bonds	-	98,690	98,690
U.S. Agency Securities	19,217	-	19,217
U.S. Treasury Securities	122,765	-	122,765
	141,982	98,690	240,672
Investments, at Fair Value	$ 3,458,966	$ 98,690	$ 3,557,656

(See Independent Auditors' Report)

	2020		
	Level 1	**Level 2**	**Total**
Cash and Cash Equivalents	$ 144,189	$ -	$ 144,189
Mutual Funds:			
Emerging Markets	134,141	-	134,141
Fixed Income	804,376	-	804,376
International	177,246	-	177,246
Domestic	313,682	-	313,682
	1,429,445	-	1,429,445
Equity Securities:			
Communication Services	36,251		36,251
Consumer Discretionary	31,914	-	31,914
Consumer Staples	11,581	-	11,581
Energy	10,178	-	10,178
Financial	163,410	-	163,410
Health Care	18,120	-	18,120
Industrials	9,626	-	9,626
Information Technology	41,046	-	41,046
Utilities	9,734	-	9,734
Equities Blend	145,572	-	145,572
	477,432	-	477,432
Fixed Income:			
Corporate Bonds	-	63,891	63,891
U.S. Agency Securities	13,120	-	13,120
U.S. Treasury Securities	59,628	-	59,628
	72,748	63,891	136,639
Investments, at Fair Value	$ 2,123,814	$ 63,891	$ 2,187,705

(See Independent Auditors' Report)

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Land	$ 218,872	$ 214,036
Building and Building Improvements	14,169,848	13,114,646
Furniture, Fixtures, and Equipment	520,130	513,030
Vehicles	57,240	57,240
	14,966,090	13,898,952
Less: Accumulated Depreciation and Amortization	3,796,917	3,386,179
Property and Equipment, Net	$ 11,169,173	$ 10,512,773

Depreciation expense for the years ended June 30, 2021 and 2020 was $428,452 and $405,264, respectively.

NOTE 5 LONG-TERM DEBT

Long-term debt at June 30, 2021 and 2020 consisted of:

	2021	2020
Note Payable, non-interest bearing, principal payments indefinitely deferred (a)	$ 500,501	$ 500,501
Mortgage Payable, due in monthly installments of $3,781 including interest at 3.75% through June 2031; collateralized by the property	518,000	-
Total Long-Term Debt	$ 1,018,501	$ 500,501

(a) This note is payable to Maryland Department of Housing and Community Development (DHCD) and 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.

(See Independent Auditors' Report)

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

Year Ending June 30,	2022	$ 26,399
	2023	27,406
	2024	28,452
	2025	29,537
	2026	30,664
	Thereafter	876,043
		$ 1,018,501

NOTE 6 SMALL BUSINESS ADMINISTRATION'S PAYCHECK PROTECTION PROGRAM

In May 2020, the Organization received a loan in the amount of $407,068 under the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The Organization used the funds primarily for payroll costs incurred during the 24-week period beginning in May 2020 in accordance with the terms of the PPP. The Organization applied for forgiveness of the loan under the terms of the PPP and received notification from the SBA that $377,681 of the loan was forgiven. Contribution income in the amount of $377,681 is included in the Consolidated Statement of Activities. In April 2021, the Organization repaid the unforgiven portion of the loan in full with accrued interest. PPP loans are subject to audit for six years by the U.S. Department of Treasury, SBA, or lender; as a result of such audit, adjustments to the recognition of revenue could be required.

NOTE 7 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 for expanding 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.

(See Independent Auditors' Report)

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 Organizational Expansion	Total
Balance at July 1, 2019	$ 354,149	$ 96,402	$ -	$ 450,551
Designation of Expansion Fund	-	-	500,000	500,000
Release of Expansion Fund	-	-	(147,882)	(147,882)
Investment Income Allocation	5,907	1,939	5,873	13,719
Balance at June 30, 2020	360,056	98,341	357,991	816,388
Release of Expansion Fund	-	-	(216,344)	(216,344)
Designation of Expansion Fund	-	-	364,225	364,225
Investment Income Allocation	49,907	16,382	70,460	136,749
Balance at June 30, 2021	$ 409,963	$ 114,723	$ 576,332	$ 1,101,018

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at June 30, 2021 and 2020 were restricted for the following purposes:

	2021	2020
Subject to Expenditure for Specified Purposes:		
Operations - Future Period	$ 117,000	92,000
Other	220,000	40,000
Subject to Organization's Spending Policy and Appropriation:		
Investment in Perpetuity	19,845	19,845
	$ 356,845	$ 151,845

(See Independent Auditors' Report)

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

NOTE 8 LINE OF CREDIT

In August 2018, 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, 2021, the Organization had availability of $1,350,000. The line of credit bears interest at a variable rate. No amounts were outstanding under the line of credit as of June 30, 2021 and 2020.

NOTE 9 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 $65,865 and $67,697 for the years ended June 30, 2021 and 2020, 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 $4,913 and $5,510 for the years ended June 30, 2021 and 2020, respectively.

NOTE 10 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.

(See Independent Auditors' Report)

NOTE 11 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:

	2021	2020
Cash and Cash Equivalents	$ 426,536	$ 1,204,164
Investments	3,557,656	2,187,705
Receivables	309,440	454,922
Total Financial Assets	4,293,632	3,846,791
Contractual or Donor-Imposed Restrictions:		
Endowment Funds	(19,845)	(19,845)
Donor Contributions Restricted to Specific Purposes	(220,000)	(40,000)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year before Board Designations	4,053,787	3,786,946
Board-Designated Operating Reserves	(1,101,018)	(816,388)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year after Board Designations	$ 2,952,769	$ 2,970,558

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.

NOTE 12 SUBSEQUENT EVENTS

The Organization evaluated subsequent events and transactions for potential recognition or disclosure in the consolidated financial statements through November 4, 2021, the date the consolidated financial statements were available to be issued.

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, 2021, and our report thereon dated November 4, 2021, 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 21 and 22 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information was subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Ellin & Tucker

ELLIN & TUCKER
Certified Public Accountants

Baltimore, Maryland
November 4, 2021

	Marian House, Inc.	Independence Enterprises (IE1, IE2, IE3, and Alameda)	MH At The WIE LLC	MH At 111, LLC	Subtotal	Eliminations	Consolidated
ASSETS							
Cash and Cash Equivalents	$ 355,101	$ 68,219	$ 3,016	$ 200	$ 426,536	$ -	$ 426,536
Restricted Cash	50,393	-	-	-	50,393	-	50,393
Investments	3,557,656	-	-	-	3,557,656	-	3,557,656
Fees Receivable	256,118	-	-	-	256,118	-	256,118
Grants Receivable	2,913	-	-	-	2,913	-	2,913
Other Receivables	112,770	47,818	26,245	9,808	196,641	(146,232)	50,409
Prepaid Expenses	63,785	-	-	-	63,785	-	63,785
Other Assets	68,520	24,981	-	-	93,501	-	93,501
Property and Equipment, Net	2,674,804	7,356,533	803,084	777,069	11,611,490	(442,317)	11,169,173
Total Assets	$ 7,142,060	$ 7,497,551	$ 832,345	$ 787,077	$ 16,259,033	$ (588,549)	$ 15,670,484
LIABILITIES							
Accounts Payable and Accrued Expenses	$ 261,362	$ 149,029	$ 8,522	$ 10,291	$ 429,204	$ (146,232)	$ 282,972
Deferred Revenue	71,506	-	-	-	71,506	-	71,506
Security Deposits and Funds Held for Residents	50,393	14,076	-	8,218	72,687	-	72,687
Long-Term Debt	-	500,501	-	518,000	1,018,501	-	1,018,501
Total Liabilities	383,261	663,606	8,522	536,509	1,591,898	(146,232)	1,445,666
NET ASSETS							
Without Donor Restrictions:							
Undesignated Net Assets	5,300,936	6,833,945	823,823	250,568	13,209,272	(442,317)	12,766,955
Board-Designated Net Assets	1,101,018	-	-	-	1,101,018	-	1,101,018
	6,401,954	6,833,945	823,823	250,568	14,310,290	(442,317)	13,867,973
With Donor Restrictions	356,845	-	-	-	356,845	-	356,845
Total Net Assets	6,758,799	6,833,945	823,823	250,568	14,667,135	(442,317)	14,224,818
Total Liabilities and Net Assets	$ 7,142,060	$ 7,497,551	$ 832,345	$ 787,077	$ 16,259,033	$ (588,549)	$ 15,670,484

(See Independent Auditors' Report on Supplementary Information)

	Marian House, Inc.			Independence Enterprises (IE1, IE2, IE3, 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	Eliminations	Consolidated
REVENUE AND SUPPORT												
Contributions and Non-Government Grants	$ 514,755	$ 678,950	$ 1,193,705	$ 216,344	$ 216,344	$ 1,920	$ 1,920	$ -	$ 248,673	$ 248,673	$ (465,017)	$ 1,195,625
Fees and Grants from Federal Government Sources	1,381,537	-	1,381,537	223,561	223,561	-	-	-	-	-	-	1,605,098
Fees and Grants from Non-Federal Government Sources	762,754	-	762,754	-	-	-	-	-	-	-	-	762,754
Management Fees	47,844	-	47,844	-	-	-	-	-	-	-	(30,840)	17,004
Developer Fee	-	-	-	-	-	-	-	-	-	-	-	-
Resident Fees	177,712	-	177,712	172,057	172,057	81,045	81,045	-	-	-	-	430,814
Special Events, Net of Direct Expenses of $23,685	130,802	-	130,802	-	-	-	-	-	-	-	-	130,802
Paycheck Protection Program Contribution	377,681	-	377,681	-	-	-	-	-	-	-	-	377,681
Other	-	-	-	291	291	5,837	5,837	3,790	-	3,790	-	9,918
	3,393,085	678,950	4,072,035	612,253	612,253	88,802	88,802	3,790	248,673	252,463	(495,857)	4,529,696
Net Assets Released from Restrictions	473,950	(473,950)	-	-	-	-	-	248,673	(248,673)	-	-	-
Total Revenue and Support	3,867,035	205,000	4,072,035	612,253	612,253	88,802	88,802	252,463	-	252,463	(495,857)	4,529,696
EXPENSES												
Program	3,228,400	-	3,228,400	575,908	575,908	100,157	100,157	283	-	283	(479,229)	3,425,519
General and Administrative	361,651	-	361,651	102,053	102,053	8,733	8,733	1,612	-	1,612	(32,420)	441,629
Fundraising	313,847	-	313,847	-	-	-	-	-	-	-	-	313,847
Total Expenses	3,903,898	-	3,903,898	677,961	677,961	108,890	108,890	1,895	-	1,895	(511,649)	4,180,995
Change in Net Assets before Non-Operating Activities	(36,863)	205,000	168,137	(65,708)	(65,708)	(20,088)	(20,088)	250,568	-	250,568	15,792	348,701
NON-OPERATING ACTIVITIES												
Investment Income, Net of Investment Fees of $25,428	32,195	-	32,195	-	-	-	-	-	-	-	-	32,195
Net Realized and Unrealized Gain on Investments	559,339	-	559,339	-	-	-	-	-	-	-	-	559,339
Total Non-Operating Activities	591,534	-	591,534	-	-	-	-	-	-	-	-	591,534
Change in Net Assets	554,671	205,000	759,671	(65,708)	(65,708)	(20,088)	(20,088)	250,568	-	250,568	15,792	940,235
NET ASSETS - BEGINNING OF YEAR	5,847,283	151,845	5,999,128	6,899,653	6,899,653	843,911	843,911	-	-	-	(458,109)	13,284,583
NET ASSETS - END OF YEAR	$ 6,401,954	$ 356,845	$ 6,758,799	$ 6,833,945	$ 6,833,945	$ 823,823	$ 823,823	$ 250,568	$ -	$ 250,568	$ (442,317)	$ 14,224,818

(See Independent Auditors' Report on Supplementary Information)